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AN EXPLANATION OF THE BUSINESS CYCLE

Economic science seems to continue to be in need of an adequate explanation of the business cycle. As usual, we must explain and understand first before we can hope to prescribe the proper cure. This diagnosis is an attempt to put the case in a simple and understandable form.

But no attempt will be made to prove the contentions by the use of statistics. Rather, this will take the form of a deductive study. If promising, it will serve to point the way for further inductive investigation. The author believes that it will lend itself to being checked in the world of facts.

Nor is it claimed herein that business cycles have been the outgrowth of factors hitherto unseen. Instead, this explanation uses observations some of which are time-worn. It merely combines old concepts in a new sequence and fills in the gaps. It follows the course of the most recent investigations in that the attempt will be made to show that business cycles are self-generating, that they come from within the economic system.

The Relation of Production and Consumption

In formal economics it is the practice to discuss production and consumption as two almost separate and distinct concepts. In fact, some economists stress one or the other and almost lose sight of any relationship existing between the two. Yet they are bound together inescapably. To understand economics thoroughly their kinship must be recognized.

Why do we produce? Obviously we produce commodities because there is, or we think there is or will be a demand for those products. It is self-evident that consumable goods would not be supplied to the market were there no possibility of a demand for them. In fact, it is demand on the one side which enables products to have value. Of course it is at once implied that they are wanted for the purpose of direct or indirect consumption by human beings. It is only as they are capable of satisfying the wants of persons that products or goods are demanded and therefore have value. This is equivalent to the yet

simpler statement that consumption is the essential aim and end of all production.

But such a dismissal of the question is by no means sufficient. Who demands the economic goods and services which are produced? Goods are not abstractly in demand. All demand must come ultimately and inevitably from men. It is for the satisfaction of human wants that we consume, therefore produce. But of whose wants are we speaking? Who are the men who demand these commodities? Follow this question through as one wishes, in the end it is seen that invariably the consumers of the nation (or of the world if we consider international trade) are largely those same persons who are directly the producers or, indirectly, the owners of land and capital with which goods are produced. In any case, all consumers procure their demand for goods from the purchasing power derived from the shares of income flowing into their hands directly or indirectly from production. When finally analyzed, there is no other source of income. And even those persons who are objects of charity and those non-producing holders of some public offices are supported out of the shares from production through taxation. Viewed from the one side, the population is seen to be the producers, or at least to receive their incomes from production indirectly. And viewed from the other side, those same persons are the consumers.

We have, then, a continuous circle of relationship between production and consumption. Our ability to demand or buy consumable commodities and services is dependent upon the purchasing power we receive as our shares from production. But our receipts from production are conditioned, again, by the amount we have paid as consumers in buying the commodities we have produced. So the circle continues without end. There is no escape; nor is there any slack. Suppose we should hold out a part of our purchasing power, as a result we should be forced now to pay ourselves in money, in buying our products, something less than as much as we received for producing them. The next time around, we could pay ourselves, for producing, only as much as we have paid for the product of the previous time. In the end, the producers and consumers are seen to be the same persons. And in no manner can we increase our paying power merely by changing our money from one hand or one pocket to another. However, this applies for all persons taken together rather than for one individual taken separately. One person may gain at the expense of one or more other persons. But when one considers the whole body of producers and the whole body of consumers, the relationship between production and consumption is inescapable. It can be traced out for one nation or for the many nations of the world.

On "Making Money"

But in spite of that vicious-circle relationship for all individuals when taken together as the whole body of producers and consumers, each person in our present industrial system is striving to "make money." Whether it be through profits, rent, interest, or wages, each person is striving to get as much money as possible. Each is trying to increase his share. As was noted at the close of the preceding paragraph, such gain is possible for any one person only at the expense of others. That which some gain, others must lose when we consider the "money making" activity of the whole country (or of the world). For the sum of all economic activity there can be no money gains. As consumers, we can pay to ourselves for producing only as much as we have received as producers, and so on without end.

One unimportant exception to this statement might be noted, however. Without taking it away from others, we can make a money gain equal to the amount of real money added to our stocks during any given period. Such additions to the world's stock of gold are relatively small and insignificant. They fall far short of explaining the phenomena of the business world.

Yet our periods of "prosperity" are years characterized by a rather general "making of money." They are periods of increasing profits, of increasing rents, of increasing interest, and of increasing wages. In particular, bank deposits are increasing amounts; especially is this true of business accounts. Apparently our world of business has found a means of escaping that circle of relationship which was noted as existing between production and consumption. Apparently for the sum total of economic activity, we have succeeded in making a money gain. How is this possible?

Mercantile Credit

The answer is to be found in the action of two separate yet related phenomena of the producing, selling, and financing system. The first is mercantile credit which will be treated of in this section. And the second is bank credit which will be described in the following section. By mercantile credit, as used here, is meant that credit extended by manufacturers, wholesalers, and retailers—by the producers in general—to the consuming public. But it must be remembered that the "consuming public" are the men who, themselves, have been engaged in producing. All of their command over commodities and services eventually must come from their shares from production, as has been noted previously. If we were to purchase consumable commodities solely with those shares, it is obvious that we could pay to ourselves only the same amounts that we have received from ourselves as producers. Nor is

there any way in which the use of credit can affect that vicious circle of relationship. It is inescapable.

But what is the action of mercantile credit? How does it affect the situation? Let us suppose that all of the money of the country (or of the world if we wish to recognize our world-wide interdependence) were paid into the shares for producing and were expended again to buy the consumable product. It has been shown earlier that these costs and prices would have to be equal. But now let us suppose that we wish to increase our prices beyond that limit. At such prices it would be impossible for all goods to be sold and paid for by the use of money incomes. But apparently we can sell all commodities at such prices providing we are willing to extend credit for the deficit.

Or, again, suppose that we, as producers, attempt to keep out a part of that which we receive in selling the product. Obviously, in thus holding back, we have cut down on our real purchasing power available for the next revolution: we cannot buy from ourselves then at prices as high as during the previous time. As the amount flowing into the hands of those who use their paying power to purchase satisfactions of wants is held back from them or is held back by them, it seems necessary that the total of all prices must drop accordingly. Yet, again, we apparently can keep our prices at their previous level if we are willing to extend credit to the amount of the deficit. In either case we have seemed to "make money."

In the first case, apparently we have gained the difference between the costs of production and the higher selling price made possible by credit. And in the second case, we seem to have a balance left, due to the use of credit, which we conclude to be a money gain. Such are the actual results of the use of mercantile credit. The important point is that mercantile credit adds to the purchasing power which we receive directly from our shares from production. With this increased purchasing power we are able either to seem to save out a part of our incomes or we appear to pay ourselves higher prices than our real incomes alone would make possible. And as long as we do this, we can record a net money gain on our books. Apparently for the sum total of our economic activity we are "making money."

Does this expansion of mercantile credit harm the production-consumption relationship on its next revolution? Followed through to its conclusion, the answer is found to be that it does not. Should producers in general withhold, say a fourth part of their receipts, yet extend credit for that amount, they would have exactly the same amount back in their possession at the end of the revolution as if all were paid out and all received back again. If the costs of production remain constant, the entrepreneurs always will receive back actually

as much money or paying power as their costs for the previous time. Therefore they will have sufficient funds to continue production. Or should they pay out all money into the hands of consumers yet raise prices and extend credit sufficient to cover the difference, still the amount of cash flowing back into their reserves will be equal to the amount paid out—the costs of production. As long as costs are stable, the funds flowing back to the entrepreneurs will be sufficient always to meet the expenses of the next time around the circle. Production can go on indefinitely in spite of the expansion of mercantile credit. Credit has furnished merely the purchasing power to cover the margin of apparent profit when viewed over the entire system.

Bank Credit

Yet even the preceding discussion fails to explain adequately our apparent ability to "make money" during periods of prosperity. The supposed gains resulting when manufacturers, wholesalers, and retailers extended credit is not enough. Our financial system has invented still another means, bank credit.

Bank credit differs markedly from mercantile credit. It grows out of a queer fiction which enables our commercial banks, through the use of the checking system, to extend loans actually without taking any money out of their vaults. They have found it possible to expand or create purchasing power. To illustrate briefly, let us suppose that all commercial or checking accounts of one isolated community were handled by one bank. All money reserve would be concentrated, with but the exceptions of the misers' hoards and the money in circulation, in the vaults of this one bank. If one depositor should draw a check on the bank to the order of another individual, on first thought it would seem that such an amount would be withdrawn from the bank. Yet that would be the case but rarely. Ordinarily that much deposit credit is transferred merely from the account of the first person to that of the second. If this second party has no deposit account, he usually will open one if his balance is sufficiently large to warrant being put in safe keeping. And even should he seldom retain such a balance, money taken from the bank ordinarily will flow into the hands of merchants who do have deposit accounts, and will be returned to the bank by them. In this illustration, as for the whole check-using system of banking, payment from one party to another involves merely a transfer from one deposit account to another. The actual cash reserves remain unused in the vaults of the banks. It is this situation which suggests the possibility of loaning out such reserves where they can be used. But even when a loan is made, the borrower customarily takes his loan as a deposit credit. And when he does demand cash,

he passes it shortly into the hands of men who return it to the banks. Thus, no matter how much is loaned, the money reserve remains practically unused. And a very similar possibility can be traced out for bank notes, but need not be attempted here. Enough has been said to indicate the fiction which enables the banking system to expand and create credit in almost unlimited quantities.

Bank credit furnishes us with a second source of expanded purchasing power. It affords economic activity as a whole a second means apparently of "making money." Bank credit adds to the action previously noted for mercantile credit. No longer do we seem to be restricted by that circle of relationship between production and consumption described in an earlier section. We receive certain amounts as our shares from production, but it is not that alone with which we buy the total product. Instead of setting our prices so that our actual shares will buy and pay for the total prices of our product, we set them considerably above that boundary. On the one hand, we extend mercantile credit to help cover the discrepancy. But even beyond that, we also go to the banks and arrange loans in order to increase our purchasing power still further and to enable us thereby to purchase our product at these higher prices. Thus we are able to "pay" ourselves more for our products than we have received for producing them. Thus we appear to "make money" on the transaction.

But possibly we, as buyers, seldom use the banks directly for the purpose described above. Yet the whole economic system arrives at the same result in the end. It is "profitable" for the banks to make loans. In order to realize their maximum possible profits, they offer purchasing power in huge quantities to entrepreneurs in general. It can be used in one of two ways by these manufacturers, wholesalers, and retailers. On the one hand, such purchasing power may be used as the basis for the extending of still larger amounts of credit to the ultimate consumers. In fact much of the credit given by sellers is pyramided back upon bank credit. When it is passed on to buyers in this manner, it serves very much as does mercantile credit. Prices can be made higher thereby. On the other hand, this increased purchasing power may flow indirectly into the hands of the consumers either through the payment of larger shares for producing or as rewards for the construction of new plants and capital equipment. No matter by what route, bank credit serves ultimately to increase the purchasing power of the consumers. As a result, the competition of buyers forces prices up. The process also is cumulative; as prices rise, other buyers resort to the use of more credit in order to maintain their accustomed standards of living. And with this further use of credit, prices go still higher and demand the use of still more credit.

Bank credit adds to the purchasing power which we receive directly from production and indirectly through the extension of mercantile credit. With this increased purchasing power, we are able to pay ourselves higher prices.

To summarize: We, as producers, receive certain amounts as our shares; to this we add a large amount of mercantile credit; and to this total we add still another huge amount of bank credit. With the sum of these different types of purchasing power, we are able apparently to buy from ourselves at prices higher than we paid ourselves for producing. And as long as we buy from ourselves at prices higher than our costs for producing those same commodities, we can record a money gain on our books. Apparently for the sum total of economic activity we are "making money." This is the basis of our "prosperity."

The Cause of Depression

Certain things remain to be noted about credit, both mercantile and bank. First, while credit is purchasing power, it is in no sense paying power. As manufacturers, merchants, and producers in general extend more and more credit, they are able to dispose of their goods "at a profit." Yet disposal through the expansion of credit is not the end of the transaction. The products must be paid for. And, although the entrepreneur indicates a sale and a "profit" when he extends credit to his customers, the fact remains that he must yet collect his "profit" and often much more. Or if bank credit is used, even though a check, bank note, or actual gold be given as final payment to the merchant, the goods still continue to be unpaid for. The bank, rather than the merchant, now is creditor. And the bank must receive payment before the transaction is completed. Credit is not paying power.

Second, it must follow from the discussion thus far that, for the whole of our economic activity, we can continue to "make money" only so long as we continue to expand mercantile and bank credit. Our apparent money gain, for the total of our productive activity, depends upon our expanding credits—purchasing power—faster than our costs of production. Whenever we stop expanding credit, our costs and our prices soon must become equal on the whole. "Prosperity," based upon expanding purchasing power and increasing prices, can continue only so long as we continue to expand credit. And the possibility of our apparent money gain is equal exactly to our expansion of purchasing power, when the entire system is considered.

Third, it must be noted that there is a limit beyond which expansion of credit may not take place. Until recently that limit for bank credit was located very definitely by our laws. But with the establishment of the federal reserve system the limit of expansion for bank credit has

been made much less absolute. Yet it remains sufficiently definite to set an ultimate boundary still. And even though it could, the history of such expansion proves it to be in vain. No such well-defined limitation can be shown for mercantile credit. But mercantile credit is tied very closely to bank credit. Periodically there comes the time when the sellers are called upon to meet bills of their own and, therefore, find it necessary to try to collect for those goods sold on credit. As the two are so closely related, the merchants reach their limits of extended credit at about that same time when the banks have reached their legal bounds and are seeking to contract their loans. Neither bank credit nor mercantile credit can be expanded indefinitely therefore. Always there has been a limit set to this means of creating purchasing power. Likely that limit is set by the law. But always it will be found in natural economic forces which render increased amounts of credit proportionately less valuable. One has only to observe the results in those European countries which expanded their purchasing power so tremendously following the late World War in order to study the natural limit.

The last three paragraphs already have implied the explanation of our depression. Our "prosperity" has been described as an artificial condition resulting from the expansion of credit. As long as we continue to expand credit, we can "make money" to an amount equal to the expansion. But always there is a limit to this means of creating purchasing power. Often that limit is several years distant; but it is inevitable. Periodically, after continuous expansion of our credit system to facilitate "money making," the limit is reached. Most likely the boundary is touched by bank credit first; then the further extension of mercantile credit is restricted almost immediately because of their close relationship. No longer can we raise prices and sell to ourselves on a higher level than we received for producing those same commodities. No longer can we save back part, yet continue to purchase all of the products from ourselves with the remaining part plus the aid of credit. Gains in terms of money disappear. Business is "frozen." We have reached the crisis. Probably some banks have overstepped their legal limits or some depositors have drawn on the bank reserves. In either case, loans cannot even be renewed. Others are "called." We have reached the time of reckoning. Now we are asked to pay up for the credit extended. As soon as the first loans are called, we no longer have our shares as producers *plus* expanded credit with which to buy. Now we must take our shares as producers; *subtract* the amount of the credit which we liquidate; yet buy and pay for the total current product with the remainder. Obviously we face a situation beyond the possibility of improvement at this late stage of the cycle. All

of our real income from the past has been spent or has been invested and spent by others. Out of our present incomes we may choose to liquidate our debts, in which case present production must be bought from ourselves for less than the costs of producing them. In so doing, we shall "lose money" on our current transactions.

But we may choose to continue to buy our present products at their cost of production prices. In that case, we can never pay up or liquidate our debts. There will be nothing left with which to pay debts after buying the total current product for as much as it has cost to produce it. All consumers receive their incomes directly or indirectly from production. Therefore, in either case we now must "lose money" equal to the amount of our expanded credits—equal to the amount of our apparent money gains during "prosperity." Needless to say, we cannot lift ourselves by our boot straps. Prices drop sharply. Money gains become negative quantities. Industry practically stops.

As the expansion is cumulative, so is the contraction. Each bit of liquidation leads to further "money loss" and further liquidation. The more we subtract from our shares as producers in order to pay up our past debts, just that much more must the prices of current commodities drop. Mercantile and bank credit may represent purchasing power; but they are not paying power. Depression is merely the cumulative liquidation of our accumulated debt. Somehow, by some means, we must balance up in the end. The circle of relationship between production and consumption is inescapable. The "money losses" of depression offset the "money gains" during prosperity. It follows, too, that, when liquidation sets in, each seller must collect as much of his extended credit as possible under penalty of losing it. As there is not sufficient paying power to satisfy all, since the whole economic system must lose an amount equal to the expanded credit, some persons must lose. Still, others may succeed in collecting—but only at the expense of the losers. Either some of those who hold debts of the past against buyers or some of those who are paying for current production must lose that which the few succeed in collecting. Those most efficient in collection are the winners. Yet the result is inescapable for the whole of economic activity.

Nor is it necessary to demonstrate that the business cycle, thus explained, begins with the expansion of bank credit. Such an argument has been used by some economists to prove that bank credit is not the cause of the business cycle, for it does not start it. But bank credit is not alone responsible for the business cycle. It has been shown that mercantile credit is equally the cause. And beyond that fact, depression causes business to slump. Probably it drops far below that which would be normal without any traces of credit. Consequently, even

without the use of bank or mercantile credit, business would recover to its norm somewhat above the pit of the slump. Credit need not enter in to start the period of recovery. Credit is responsible only for the inflation above that norm. Yet it is indirectly responsible for the recovery also through having forced business into the slump. In conclusion, therefore, it need not be demonstrated that credit starts the recovery. But credit is the basis of the business cycle nevertheless.

No comprehensive remedy is proposed here. It goes without the saying that we must eliminate the expansion of mercantile and bank credit if we wish to abolish the business cycle. Stabilization may prove equally as effective as elimination of credit, for it is the expansion and contraction which cause the cycle. Therefore it is possible that the federal reserve system has bettered the problem in part by stabilizing bank credit within rather narrow limits of fluctuation. Yet to stabilize or even to eliminate the use of bank credit will not be sufficient. Even without bank credit, mercantile credit can remain operative; and it, alone, is sufficient to build up apparent "prosperity" and resulting depression. It follows that, should we desire to abolish the business cycle and its many evils, we must eliminate credit in all of its forms. Only then will our economic system appear to operate as it does actually. Then our total prices must be equal to our total costs of production.

But, in eliminating our credit system, we eliminate our source of apparent profits also. Some persons may object on the grounds that we must not do away with the "money making" incentive. Yet, while we no longer may make huge paper profits, we shall continue to gain exactly the same as we did formerly after balancing up through the period of depression. There is little question but that we should rid ourselves of the cycle together with its many evils. Then the good and the bad will be had together, not accumulated.

The Equation of Exchange of the Business Cycle

Professor Fisher has given us the following annual equation of exchange:

$$M\,V + M'\,V' = P\,T$$

in which M represents the volume of money in circulation; V indicates its velocity; M′ stands for the amount of credit extended; V′ is its rate of turnover; P represents an average price for all commodities; and T stands for the volume of trade or output. This algebraic equation has been accepted very widely by economists. No doubt it is accurate as the annual equation of exchange. No attempt is made to criticize this formula; rather it will prove of aid in this paper. When viewed, not over the year, but over the longer period of the business

cycle, it serves to prove almost every contention that has been advanced.

From the equation as stated, it is seen that prices actually are set by the volume of our original purchasing power plus the volume of expanded credit. But the fact which is not so readily observed is that the purchasing power added by credit is sometimes a positive quantity and at other times a negative quantity. While we are expanding mercantile and bank credit, $M' V'$ is a positive amount and enables us to raise prices and to "make money." But in depression $M' V'$ becomes negative. As soon as loans begin to be contracted, we no longer have our share from production *plus* the expanded credit with which to buy. Then we must ***subtract*** the amount of credit which we pay up and liquidate, yet buy and pay for the total current product with the remainder of our shares from production. The amount of liquidation must be equal in the end to the amount of expansion. Our "losses" during depression will be equal to the amount we inflated or "made" during "prosperity." Of course this statement applies to the sum of our economic activity rather than to each individual or firm. It has been pointed out that one party can realize an actual gain when considered separately—but only at the expense of others. The foregoing gives us a new understanding of the equation of exchange. If the amount to which $M' V'$ is positive during "prosperity" is the amount to which it will be negative during depression, it follows that, over the entire period of the business cycle and for the whole of economic activity, the positive and the negative will offset each other. Thus it will serve to reduce the equation of exchange for the business cycle to:

$$M\ V = P\ T$$

The shares of the income received by the consumers for producing must pay for the total product when the equation is finally balanced.

Money, Credit, and Prices

One further concept might well be pointed out. V and T must be identities when observed over the entire period of the business cycle. The circulation of goods and services is in one direction, while the circulation of money takes place in the other. In the end, the rendering of a good or service must be offset by an equivalent in purchasing power so that we, as consumers, will have received an amount equal to their price when the commodities finally are sold on the market. The total product or output ultimately is paid for by that money which we have paid ourselves for producing. In the end, money can act in no other capacity than that of a medium of exchange, a means of rendering an equivalent. Money economy, therefore, differs from barter

economy only in that it is facilitated because one side of the barter now is standardized.

If these fundamental concepts are correct, the true relationship existing between money and credit on the one side and prices on the other is clarified greatly. Credit is not goods as some able economists have contended. In so far as one confuses the clearing system, the drawing of checks and sight drafts, with the credit system, credit may appear to be goods. In fact, bank credit grows out of and is based upon the clearing system. But the converse statement is not true; the clearing system is not in any way dependent upon the expansion of bank credit. Clearings could take place equally as well even were all traces of credit expansion wiped out. Undoubtedly industry would have to pay the banks for their services in that case. Yet the costs would be slight in comparison to the tolls now taken through the subtle action of bank credit.

Credit in our present economic system is that phenomenon which enables us to raise prices. In other words, expanded credit is one of our determiners of price. It might be said that credit is price. Also, it might be described as our apparent money gains or "paper profits." Without it our industrial, commercial, and financial system, taken as a whole, could not seem to "make money." But over the longer period of the entire business cycle it has been shown that the credit expanded and the credit contracted must be equal. The money "made" and the money "lost" offset each other. Therefore, over the complete period of the cycle, credit does not enter into price or into profit. Over the short period of a year or so it appears to; but over the longer period it does not. When the business cycle has been terminated and balanced through the condition of depression, it is seen that credit is neither goods, nor price, nor profit; it is inflation. It is seen, further, that our incomes from our shares from production actually must pay for all commodities and services.

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ECONOMICS AND THE SMALL COLLEGE

A vast amount of time and money is being devoted to the advancement of the science of economics. Graduate work has experienced remarkable growth; numerous recently established research bureaus have materially increased our available knowledge; and the economics journals are packed full of new facts. If one-hundredth part of this new economic material proves to be of permanent value, the subject will have been greatly enriched. But productiveness is not all. "The scholar is and ought to be far more actively than he is," says Dr. Meiklejohn, "the chief determining factor in fixing the drift of popular thinking." Yet according to one authority, "There is probably no science which has made so little progress in its application as the science of economics." The words of Professor Kemmerer in his presidential address to the meeting of the American Economic Association in December, 1926 may be recalled: ". . . . the fact that such elementary economic fallacies are so widely accepted by intelligent people all over the world is a proof that there is still a need of widespread and sound instruction in the fundamental principles of economics."[1]

Now the widespread ignorance of established economic truth to which Professor Kemmerer alluded is not unrelated to the way in which economics is taught. And the teaching of economics is peculiarly the problem of the small college, whose limited resources definitely restrict the amount of research in which it can profitably engage.

I

Our first task must be to observe just what is now being done by the small colleges in this department. (In general, colleges are considered to be small whose enrollments are under one thousand.) The writer has made a study of twenty colleges in each of two general groups: (1) colleges widely recognized as institutions of the first rank, and (2) colleges which lack such recognition. The first group includes only colleges which are recognized by both Phi Beta Kappa and the American Association of Universities, the second group only those which are not. Sources of information have consisted chiefly of college catalogues, but also of helpful written statements from members of economics staffs, and in some instances of first-hand study. The purpose has been not to make an exhaustive survey, but merely to consider existing conditions in the various departments in such a way that general tendencies may emerge from the study. Hence there has been no attempt to include all the small colleges in America. From the first group a number have been omitted because of the difficulty of

[1] American Economic Review, vol. xvii, p. 9 (March, 1927).

getting usable material; at Swarthmore, for instance, the department was temporarily in an unsettled state. It will certainly be conceded, however, that such a group is at least representative of the best small colleges in the country, and that a study of their practices should furnish a reliable answer to the inevitable question, What are the better small colleges doing? The colleges of the second group were chosen at random, and the writer has no reason to suspect that another group of twenty chosen in like manner would reveal importance differences.

Certain observations will serve to raise questions upon which further discussion may be based.

What Courses?

Group I. The total number of different courses offered is 29. A course designated as introduction or principles is offered by 19 of the 20 colleges, being omitted by one. Money and banking is offered by all 20, and labor problems by 19. Public finance scores 14; business organization, 11; accounting, 10; transportation, 9; business finance and marketing, 7. Using the total number of semester hours as our criterion, we find the change to be slight. Accounting and economic history are most affected, the former advancing to fourth place, the latter to seventh. Since the average number of different courses offered is 8.6, a composite course of study will be found to include principles, money and banking, labor problems, public finance, business organization, accounting, transportation, and one other, to be chosen from business finance, marketing, and economic history.

Group II. The total number of different courses offered is 53 as against 29 in Group I. Such courses as salesmanship, casualty insurance, advertising, credit analysis, appear in the guise of economics courses. The average number of different courses offered is 12.5 as against 8.6 in Group I. The course in principles is offered by all, with money and banking, business law, and public finance and accounting next in line. A composite course of study would comprise principles, money and banking, business law, public finance, accounting, labor, business finance, economic history, transportation, economic problems, marketing, and two to be chosen from business administration, insurance, investments, and business organization. Taking the number of semester hours as the criterion, we find that accounting and economic geography are most affected, advanced accounting to the extent of obtaining a place among the first thirteen.

Year, Semester, Alternating Courses

Group I. Amherst, Wesleyan, and Hamilton use the year course exclusively. Among the other colleges the semester course is dominant,

except in the case of the principles course, which nearly everywhere covers a year. The alternating course is used by nine of the colleges, by two of them almost exclusively.

Group II. Only one of these colleges consistently follows the year plan; and seven of them offer even principles as a semester course. The alternating plan is extensively used by more than half the colleges in the group.

Number of Courses per Instructor

Group I. The average number of courses per instructor varies from 1.7 to 10. The three lowest averages belong to the colleges known as the "little three": Amherst 1.7, Williams 2, and Wesleyan 2.7. Next in order is Bowdoin. It should be remarked that these low averages are not entirely due to large staffs. Amherst offers but six different courses—only three colleges offer less—while Williams and Bowdoin offer only 7 each.

Group II. The average number of different courses per instructor is 10.8 as compared with 4.8 for Group I. This *average* is higher than the single highest rate, 10, in Group I. Here we have the most striking, perhaps the most significant, difference between the two groups. Colleges with but one instructor are offering 9, 10, 14 different courses. An additional instructor seems to mean additional courses.

Sequence, Correlation—the Major

Group I. In general, principles is open to sophomores, and the other courses are open to juniors and seniors. Rarely, certain courses are open to freshmen, *e.g.*, economic geography, accounting, industrial organization, and business law. At Amherst and Hamilton, economics is closed to both freshmen and sophomores. Seminars and courses in history of economic thought are usually open to seniors, in some cases to selected seniors. In most cases the major consists of eighteen to twenty-four hours of economics chosen "with the approval of the instructor." We may well consider, however, one or two serious attempts at sequence and correlation. At Williams, the major is as follows:

Prerequisites: principles of economics, a course in mathematics (advanced algebra, analytical geometry, etc.).

Junior year: economic history, statistics, general European history or United States history.

Senior year: modern economic problems and two additional courses in economics.

Wesleyan requires a concentrated group program, calling for the election of thirty semester hours distributed in not to exceed three

departments, eighteen of which must be in the major department. The program is to be arranged in consultation with a professor in the major department. The comprehensive examination plan is optional with the individual department and is at present used in economics. Whitman also requires a comprehensive examination in the major field at the close of the senior year, and Bowdoin requires the comprehensive examination or an equivalent. At Trinity the economics major consists of four courses in economics and two in history; at Bates the approved major includes principles, business organization, marketing, financial organization, corporations, and either American history or American government; at Middlebury some history, geology, and political science may be included in the major. Several institutions provide for one or two minors, a scheme which permits correlation if the choice is wisely made. Carleton requires concentration and a general examination for honors students. Obviously no clear-cut policy of unification has been evolved; but just as obviously the need for such a policy is not only felt but met by courageous experimentation.

Group II. Several colleges use the major and minor system. One permits the inclusion of history, psychology, and sociology to a limited extent in the major; another, history and sociology; another, some work "in an allied department." Only one college requires a general examination, unless we also include that college which requires it of majors who elect to try for honors. In most cases the principles course is open to those with sophomore standing, and is prerequisite to other courses in the department, but in two instances there are no prerequisites to any course. In several schools economic history and accounting are open to freshmen. There is no attempt in any college to build up a sequence by limiting particular courses to particular years. The custom is to open all courses to juniors and seniors and in some instances to sophomores as well. If in Group I a clear-cut policy of unification is lacking, there is here evinced little consciousness of *need* for such a policy.

"Business" and the Economics Department

Group I. In three schools the department is called economics and business administration, but the business courses actually offered number respectively none, one, and two. One school has a separate department of business administration. Another calls its department economics but offers a prescribed course in business administration leading to the degree of B.S. in that field. One other school includes in its department of economics a number of courses more closely allied to business than to economics, *e.g.*, sales and retailing, business administration, and advanced accounting. These are the exceptions. The other four-

teen institutions call their departments economics, and with the exception of a few borderline courses they are true to the name. The "little three" eschew business entirely; and it is probably fair to say that among these colleges there is no general movement toward either the inclusion of business courses in the economics department or the organization of a separate department of business administration.

Group II. Seven colleges have departments called economics and business administration and offer such courses as salesmanship, advertising, and advanced accounting. One college calls its department economics and accounting and outlines a course of study for those intending to go into business. Another has a department of commerce and finance, which it subdivides into accounting, business law, business English, commerce and transportation, finance, industry, insurance, merchandising—and economics! In this last division we find three courses: principles, advanced economics, and business statistics. One department of economics and business administration presents each as a subdivision, but the same men teach in both divisions. Two colleges maintain separate departments of economics and business administration. Eight colleges have departments of economics alone; but three of them include such courses as salesmanship, office methods, and casualty insurance, and of these three, two outline courses of study for those expecting to go into business. Only five colleges confine themselves to what may with any assurance be termed economics. The other fifteen show a definite drift toward the development of business courses.

II

Here, then, we have the picture, if somewhat incomplete, of existing conditions in the economics departments of our small colleges. What does it signify for us?

Certainly one condition which demands our consideration is the widespread tendency to offer a large number of courses. Of this tendency Professor Allyn Young says:

> I know of small colleges in the United States whose aggregate income is less than the budget of the economics department at Harvard and which are, nevertheless, purporting to offer in the field of economics more courses than the Harvard department of economics offers. No department, not even one as large as we have at Harvard, can possibly cover the whole field, and there is no reason why we should do so.[2]

With fifteen men on its instructional staff, the department at Princeton now offers only eleven undergraduate courses; with an average of 1.3 men on their staffs, the departments in Group II colleges are offering an average of twelve courses per department.

[2] Letter to writer, Jan., 1927.

While there is undoubtedly some difference of opinion as to whether there are "basic" courses in economics, and, even among those who would agree on that point, a difference of opinion as to what those courses are, we nevertheless find that certain courses are offered by nearly all colleges and universities. May we not conclude that these courses, if not certainly basic, are at least relatively important? And that the student should presumably have these relatively important courses in preference to others less important? Now if the department offers, say, fifteen different courses, the student, guided chiefly by his own whim and the exigencies of his schedule, may easily miss the important ones. If it be answered that a system of prerequisites will remove this danger, we reply that the departments which offer the most courses are the very ones which make proportionately least use of prerequisites. The student, young and inexperienced, is obviously incapable of distinguishing the important from the less important. Yet he is permitted to take a course here and a course there, and in the end what has he? He pays a heavy price for the instructor's desire to make an impressive showing in the college catalogue. This is count number one against the offering of a large number of courses.

Count number two lies in the inescapable limitations of the instructor. Perhaps if every teacher were an Aristotle, a Herbert Spencer, or a Francis Bacon, we might be less anxious on this score. But unfortunately it is more than likely that the limitations of our economics instructor are not only those of a man but of a mediocre man as well. Let us bear in mind that in Group II colleges the average number of courses per economics instructor is 10.5. If we stop to realize what this means in terms of particular courses, that the same man is probably offering principles, money and banking, labor problems, international trade, business organization, public finance, marketing, accounting, business law, and economic history, we shall see the situation in all its naked horror. Is it any wonder that students graduating from such colleges know nothing of economics? To make matters worse, the instructor has probably had no great amount of advanced study. But formal study at a university, it may be said, is not necessary; independent study is quite as good. Just let a man try carrying a load like this to see how much time and strength he has left for independent study.

While teaching ten different courses, can a man be expected to read: and what is more important, can he be expected to think? And if he does neither of these things, of what possible use can he be to his students? Let it be clear that the writer holds no brief for the specialist. The specialist has no place in the small liberal arts college. But breadth of view and of knowledge do not mean a scattering of

one's limited energy over numerous specialized fields, a scattering of which the inevitable result is superficial knowledge and a superficial point of view. We have seen that such scattering, such superficiality, is the existing condition in the economics departments of many of our small colleges. And in face of this indubitable fact, earnest young people are blandly being urged to spend four of the best years of their lives at "this good small college" on the ground that there is close personal contact between teacher and student—as if such contact might not possibly be less advantageous than disadvantageous.

Count number three has to do with library facilities. One of the severest criticisms of the American college among teachers and students alike is levelled at its "spoon feeding" methods. As the Dartmouth student report so effectively says:

> The chief indictment against the present method of teaching is that the student is forced into a passive, rather than an active attitude. The criterion of passing is his ability to absorb, retain, and regurgitate on the proper occasions about fifty per cent of the information the instructor sees fit to include in his course. The student is pitifully dependent upon the instructor for information or for directions as to how to get it. He doesn't know how to investigate a subject, he only knows that if he reads with ordinary care certain designated pages of a certain designated book he will know enough about the particular subject to answer the questions he may be asked about it. . . . . It is the function of the teacher to make himself unnecessary; yet we do all that is possible to keep the student from learning anything by himself. . . . . Do they (college graduates) forget and lose interest in things they encountered in college? If so, is it not because they were spoon-fed there, and now that the manipulator of the spoon is no longer present they go hungry, never having been shown how to open the cupboards in the pantry, nor even the location of the pantry itself?[3]

As spoon feeding is gradually abandoned,—and evidence is not wanting to encourage us in the belief that one day it will have been abandoned,—the library increases in relative importance as a factor in education; the library advances and the textbook retires. For even the best text, presenting as it does the viewpoint of but one or two men, falls absurdly short of introducing the student to the whole field of knowledge; whereas the majority of the species are unspeakably dull, certain to nip any budding interest the student may have had in the subject. Why should the student of corporation finance in a liberal arts college be solemnly informed that:

> the transfer agent in the present case, then will mark the old certificate "cancelled," will take two certificates already signed by the officers of the corporation and will make them up, one for forty shares for John Smith and the other for sixty shares for Faith Jones. He will countersign them

[3] *The Report on Undergraduate Education of the Dartmouth College Senior Committee*, part I, pp. 21-22.

and send all three certificates over to the registrar, who will note that the 110 shares certificate is cancelled, record the two new certificates, countersign them, and return them to the transfer agent. The new certificates are then ready for delivery. A receipt is usually demanded. The old cancelled certificate is then preserved by pasting it on the stub in the transfer book from which it was torn.

Thus reads a widely used text in the subject.

Does Beard exaggerate when he says, "The textbook evil is the great American academic disease, and, in the opinion of the present grumbler, the source of a great deal of our imaginative sterility and general intellectual mediocrity?"[4]

As the textbook "goes out," the library comes in. We need not dwell upon the distressing inadequacy of the average small college library. Examination of the library of a college of 1,000 students revealed the startling fact that although a course in labor problems was offered, neither the Webbs' *History* nor their *Industrial Democracy* was on the shelves; in fact, the name Webb did not appear in the card catalogue! Any policy which helps to maintain so disgraceful a condition must present strong grounds for justification. Certainly the policy of offering a large number of courses has a very direct bearing upon library facilities. Can it so justify itself? Usually the library has a definitely limited sum to spend each year for new material; and this means that the amount to be spent for economics is also definitely limited. Suppose this amount to be $100. If four courses are offered, the amount available for each will be $25; if twenty courses, $5. And how many departments would not consider themselves lucky to be able to spend $100 a year! Must we not conclude that the man who introduces or maintains a large number of courses is assuming a tremendous responsibility? Of the economics curriculum at Princeton, Professor Fetter says, "We show a much smaller variety than is undertaken by many small colleges with far more meager faculties. We feel that it is better to have a carefully planned curriculum, in which the fundamentals are treated thoroughly without any duplication or overlapping other than that which is clearly helpful to a unified understanding of the whole field."[5]

A second critical observation is concerned with the problem of the unification and correlation of knowledge gained from economics courses. It should be a matter of grave concern that so few of our many small colleges are attacking this problem. With the exception of a few colleges in Group I, the schools investigated in this study appear to be unaware even that the problem exists. Except for the almost universal requirement of the principles course as prerequisite to other courses

[4] *The New Republic*, vol. 51, p. 209, (July 13, 1927).

[5] Letter to writer, Jan., 1927.

and the occasional requirement of prerequisites for certain specific courses (*e.g.*, accounting for business finance) the entire offering is open for sampling. In most of these colleges the major requirement is a joke. Even the most confirmed optimist will scarcely hope that eighteen or twenty hours of courses, selected hit-or-miss and without thought of proper sequence from the array offered by many of these colleges, could possibly give the student a unified understanding of what economics is. And if attempts at synthesis are few and far between, so are attempts at correlation with allied departments. In many schools a student may major in economics who has had no contact with the sister departments of history and government. This is not without its effects upon the conduct of economics courses. The instructor in labor problems finds that some of his class are well grounded in American history, while others, ignorant of American history, know something of constitutional law, and still others are innocent of both. To which group shall he adapt the work? Whatever his decision, some of his students will be swamped and some bored. There is no question but that proper sequence of courses within the department and correlation with courses in allied departments would greatly enhance the effectiveness of teaching in economics.

A third condition to be called in question is the definite drift already noted toward the offering of courses in business. Remember that this drift, perceptible among the colleges of Group I, stood out in Group II like the proverbial sore thumb. It takes the form of a combination department of economics and business, of the organization of a separate department of business, or of inclusion of business courses in the economics department without any apparent wish to distinguish between the two. The problem raised by this tendency the writer believes to be the most serious now confronting the economics department in the small college, a problem which demands immediate attention lest the small college drift into practices obstructive of its fundamental purpose.

The first question to engage us is whether there is any difference between economics courses and business courses, and if so, what this difference is. In most of the small colleges it appears to be the opinion that there is no difference, or that the difference is insufficient to warrant a difference in treatment. Yet if we examine a particular case, for example the subject of taxation, we are inevitably led to the conclusion that there is a difference. The business man desires a knowledge of taxation. Why? He is in business primarily to make money, his fundamental motive is the profit motive. As a business man therefore he is interested in taxation primarily because he is interested in profits. Familiarity with the tax system will enable him

to adjust his business so that he will pay as little tax as possible. As a business man he is interested in a particular tax only as he thinks it will affect his private financial status. He is interested in causes and effects, yes, but in those causes which affect his own pocketbook.

But this business man, if also a good citizen, has another sort of interest in taxation. He recognizes that taxation is one of the important functions of that important agency, the state; that a good tax system will serve the interests of society; and that familiarity with the tax system will enable him to assist in promoting the social welfare. He will be interested in the effect of a particular tax upon a particular industry even though it bears no relation to his own income, because that industry is a part of industry as a whole and therefore social interests are at stake.

Thus we have two distinct points of view,[6] from either of which taxation may be studied and taught. *Any* student may profitably study the subject of taxation, or banking, or the business cycle, from the social point of view; only those students who definitely expect to make business their profession are interested in studying these subjects from the private standpoint, or in studying other subjects which in their nature are unmistakably acquisitive, such as salesmanship, business administration, retail merchandising, cost accounting. The point is that there are two distinct fields of study sharply divided by a difference

[6] In view of the widespread confusion in this matter and of its profound bearings upon our whole educational scheme the writer has ascertained by letter or by the consulting of published statements the opinions of (1) several economists, and (2) several deans of schools of commerce. Professor Taussig says, "A course in economics should have regard primarily to the *public* aspects of economic and industrial phenomena. A business course has in mind the training of an individual for professional activity and usefulness. The distinction between the two is analogous to that between biology and professional medicine, between physics and mechanical engineering, between chemistry as a science and industrial chemistry. There is some overlapping of content but throughout a difference in spirit and in aim. The object of economics is not to train a man to do well in business, but to understand the economic world about him, and to become a better member of it. It should train the intellect and also nurture the spirit. Its aim is not so much to make a man a better bread-winner as to make him a better citizen." With this view of the matter Professors Young, Fisher, Plehn, Mitchell, Fetter, Dewey, and Mears are in substantial accord. Professors Patterson and Seligman see a difference but find it less clean cut. Deans Gray of Dartmouth, Stevens of Minnesota, Heilman of Northwestern, Thompson of Illinois, and Donham of Harvard take essentially the same position as Professor Taussig. Dean Hotchkiss of Leland Stanford not only finds a distinction but is sceptical about there being any connection. Dean Johnson of Wharton School alone dissents. "There is no distinction," he says, "between economics and business courses. It is all a matter of classification."

While no extensive survey of opinion has been attempted, the writer believes the men whose names appear above are representative enough to indicate in a general way the attitude of the two groups on this question. Certainly they come convincingly near being of one mind, first, that there is a distinction, and second, that this distinction is between a social point of view and a private point of view.

in approach. This we cannot escape. For the sake of clarity in thinking and efficiency in teaching, why not reserve to the one the name economics, to the other the name business?

The pass to which our confusion has brought us is sufficiently disclosed by the data gathered. No student turned out by such departments as many of those investigated could be expected to have acquired anything better than a smattering of facts in each of a number of unrelated fields. But even if our hodge-podge collections of economics and business courses did succeed in flooding the market with efficient money-makers, as they certainly do not, would such an achievement be in harmony with the purpose of the liberal arts college, and with the purpose of the economics department within that college? Not that the liberal arts college need shun all that pertains to success in business. A man thoroughly trained in economics may well make more money than he could have made without that training. Nor need the student's course of study be entirely unrelated to the vocation he has chosen. If he contemplates the law, for instance, he may well choose political science instead of calculus. This is obvious.

It should also be clear on the other hand that between a course in principles of government and a course in the law of negotiable instruments there is a great gulf fixed. The former can profitably be taken by *any* student in the liberal arts college; the latter, it may be said, by prospective lawyers. But should even prospective lawyers take such a course as this in the liberal arts college? To have any value a course of this type must be part of a unified whole; and that unified whole—in this case the general law course—no small college is qualified to offer. The reasoning applies with equal force to business courses. Any liberal arts student may profitably study labor economics, since such a course will help to make him an enlightened citizen. For how many would personnel management be a wise choice? For those who intend to become executives? Again, this course to be of value must be part of a unified whole, and that unified whole the small college is not qualified to offer.

The indictment is then twofold. First, there is a hopeless confusion which can be dissipated only by a clean-cut distinction between economics and business. It is unfair to admit to personnel management masquerading as labor economics a student who is indifferent to business but who does aspire to intelligent citizenship. It is just as unfair to call the course in economics a specialized business training course and thus attract to the college unsuspecting youths who lose little sleep over citizenship but are very determined indeed to make two dollars grow where one grew before. Second, business courses, the distinction having been made, have no place in the liberal arts curriculum. The liberal

arts college cannot fulfill its own distinctive purpose and at the same time meet the special vocational and professional needs of its students. That work belongs to institutions which by their equipment and personnel are especially qualified to meet one or more such needs.

III

It is but reasonable to expect that following such a barrage of fault-finding the writer should himself make some constructive suggestions, thereby signifying his own willingness to face a shower of censorious bullets. As tail between legs is not the posture he most admires, he is determined, though keenly aware of his vulnerability, to do what is expected of him. Unfortunately for his purposes, there is probably no single policy which is the best policy for all the small colleges in America. Much depends upon local conditions, upon library facilities and special interests and aptitudes of the economics staff. It is always to be remembered too that the economics department is a part, not a whole, that its policies must blend reasonably well with the policies of other departments and of the college itself. It has no right to be a Jim, with everybody else out of step. Yet after making due allowance for individual differences, the writer nevertheless holds that certain cardinal principles ought eventually to prevail among economics departments in small colleges. He contends that the number of courses should be sharply limited; that these courses should be basic; that the number of courses assigned to a given instructor should be small; that some provision should be made for unification; that the work of the economics department should be correlated with that of allied departments; that between courses in economics and in business a distinction should be made and kept, and that courses clearly belonging in the business category should be excluded from the curriculum.

The following definite plan is offered as a starting-point for discussion.

Course of Study

	First semester	Second semester	Pre-requisites
Sophomore year	Principles	Principles	Sophomore standing
Junior year	Corporate organization of society Financial organization of society	Corporate organization of society Financial organization of society	Principles and Junior standing "
Senior year	Labor economics Economics of government	Critical analysis of economic order Correlating course (open only to majors)	Principles and Senior standing—for "Critical analysis of economic order," 9 additional hours of economics

The major requirement is 30 hours of economics. At the opening of the junior year major students will be held responsible for the fundamental principles of government and the most significant facts of English and American history. A final general examination for majors will cover these facts and principles as well as the courses in economics and such additional work as shall be deemed necessary to correlate and unify the major.

The general course in principles will include two groups of students, majors and others, many of whom will take no further work in economics. Ideally, perhaps two different courses would be offered, but in the small college this is impracticable. And while there will be some repetition in the case of major students, much may be said in favor of giving every student a picture of the whole economic organization before he takes up the study of any one of its phases. Where statistics is offered by the mathematics department, this may well be taken into account in setting the major requirement.

The study in the junior year of the corporate and financial aspects of the present economic organization will of course imply a historical approach to both, with a view to comprehension of the causes underlying the present structure. With this as a foundation the student in his senior year considers the labor factor. It will be recognized that in all three courses the relationship of the government must assume an important place. This relationship may well furnish the background for a study in the senior year of the economics of government, in which the subject of taxation will of course occupy a conspicuous position. The final semester is reserved for two purposes. The first of these is a critical analysis of the economic order. This will include a study of the theories offered to explain the controlling economic forces, a unifying statement as to the nature of our present organization, and a consideration of proposals for economic reorganization. The second is a correlating course which will simply give the student an opportunity to prepare for the general examination. There will be conferences with the instructor to locate weaknesses in preparation and to obtain suggestions for review or additional reading. After the sophomore year the courses are offered primarily for major students. Others, while not barred, will be admitted only if their records in the principles course and their general college records indicate that they can do whatever additional work may be necessary to obtain the proper background.

The writer has had in mind as his desideratum a unified course of study leading to an examination which will test the ability of the student to sense its unity. Realizing that in the small college it is impossible to cover the entire field of economics and that it is better to

give a few, even a very few, good courses than many poor ones—the number has been limited to that which two instructors might give satisfactorily—he has chosen what seem to him to be basic courses. He does not feel, let it be understood, that these are the only basic courses; he recognizes on the other hand that important courses are omitted; he does not present his as *the* ideal plan. He offers it chiefly for illustrative purposes, to make concrete and tangible the principles which he believes may properly govern economics teachers in the building of their departments.

The plan is based upon the theory that both freedom and authority have a place in education. The student has at the outset entire freedom in his choice of a major. Having made this choice, he follows the path marked out by those who presumably have an expert knowledge of the field he has chosen. Has he not a right to some such clearly designated path?

E. E. Cummins

The College of Wooster

RATIONAL ECONOMICS

In 1909 there was published Vilfredo Pareto's *Manuel d' Economie Politique* which carried pure economic theory to the highest stage of development yet reached. Since that time there have appeared a considerable number of texts, mostly in French, which are popularizations or abridgments of Pareto's epoch-making work. A recent work by Professor Pietri-Tonelli,[1] which is the most comprehensive of this class of texts, deserves the special attention of economists.

This treatise, which had been approved by Pareto himself, is what might be called in this country a "college edition" of the *Manuel*. It is better organized; the presentation is clearer and more elementary; and the mathematics, not being so advanced, is not relegated to a long appendix. This treatise also differs from the *Manuel* in that it shows clearly how to deduce a number of equations equal to the number of unknowns—the author removes from the number of equations in the *Manuel* an identity which had been overlooked by Pareto as well as by his critics—and in that he devotes more space to the treatment of such special subjects as capital, production, rent, stock speculation, money, international trade, and business cycles. Indeed the comparatively detailed treatment of these questions from the general equilibrium point of view is Professor Tonelli's most distinctive contribution.

His book lacks, however, the verve of the *Manuel*. One misses Pareto's sallies against the literary economists which served the useful function of emphasizing the distinctive contributions of the mathematical school. Proposition follows proposition as in a book on geometry. There is no clear distinction between the more important and the less important deductions.

The author conceives the subject of economic science as the study of economic equilibrium in all its manifestations. This may also be expressed by saying that he conceives the subject of economic science to be the study of logical, repeated economic actions. It is necessary to emphasize that pure theory must deal with *repeated* actions, that is, with *routine* (including the routine of change, *i.e.*, economic dynamics). There is a good reason for stressing the routine, for, as Professor Schumpeter tells us, "Only within the boundaries of routine do people function both promptly and similarly; it is only to routine work that received theory applies; outside routine most people find it difficult—

[1] *Traité d'Economie Rationnelle,* par Alfonso de Pietri-Tonelli, professeur à l'Ecole des Hautes Etudes Economiques de Venise. Traduit sur la 3e édition italienne (Bibliotheque Internationale d'Economie Politique, publiée sous la direction de Alfred Bonnet). Paris, Marcel Giard, 1927, pp. 640, 90 fr.

and often impossible—to act; . . . ."[2] Equilibrium arises through the action of two sets of forces: desires or tastes (*les goûts*), and the obstacles which must be overcome to satisfy them. The determination of this equilibrium is the greatest single contribution of the mathematical school.

The importance of this achievement will be realized when it is recalled that economic texts are still being written by authors who are greatly troubled by the so-called problem of "circular reasoning" in price theory. Knowing that a change in the price of one commodity may bring about a change in the price of a second commodity, and that the change in the price of the second commodity may in turn bring about a change in the price of a third commodity, and so on, these authors ask, "If the price of coal is a cause of the cost of transportation, how can the cost of transportation in turn be a cause of the price of coal?" To them the problem of pricing is thus insoluble. They do not know that over fifty years ago Walras showed how the pricing problem is perfectly soluble and how the concept of mutual determination must replace that of mechanical causation.

An explanation of the detailed determination of economic equilibrium is beyond the scope of this paper. Suffice it to say that the mathematical economists theoretically determine: (a) the prices of all commodities which change hands; (b) the quantities of all commodities produced and exchanged; and (c) the quantities of the productive services employed in production. To achieve this result they assume as given: (a) the demand functions of all traders, (b) the number and quantity of the productive services possessed by each trader, and (c) a description of a technological state of production in terms of "coefficients of production."[3] They then show that the number of equations connecting the tastes with the obstacles which they must overcome is equal to the number of unknowns.

The solution of this system of equations is possible only in theory. It is not the purpose of this solution to enable one to calculate the numerical values of the unknowns. Even in an economy of only 100 individuals with 700 commodities among them, there would be at least 70,699 conditions, necessitating the solution of a system of 70,699 equations. This practically surpasses the power of algebraic analysis, and surpasses it still more if we take into consideration the fabulous

[2] Joseph Schumpeter, "The Explanation of the Business Cycle," *Economica*, December, 1927, p. 298.

[3] By a "coefficient of production" is meant the quantity (fixed or variable) of a given factor necessary to produce a unit of a finished good, or the reciprocal of the marginal productivity of the factor, or the "ratio of input to output," a term employed by Professor John D. Black.

number of equations which an economy of 100,000,000 individuals, with several millions of commodities will give us. In such a case, as Pareto points out:

les rôles seraient changés: et ce ne seraient plus les mathématiques qui viendraient en aide à l'économie politique, mais l'économie politique qui viendrait en aide aux mathématiques. En d'autres termes, si on pouvait vraiment connaître toutes ces équations, le seul moyen accessible aux forces humaines pour les résoudre, ce serait d'observer la solution pratique que donne le marché.[4]

But if the equations of mathematical economics do not enable us to reach numerical results, they are the only means discovered thus far for showing that the price problem is determinate, and for getting a clear insight into the way in which economic equilibrium is brought about.

In the presentation of this theory Professor Tonelli follows Pareto; but, as was said before, he devotes relatively more space to the study of particular economic equilibrium—the production of capital, rent, international trade, speculation, international monetary equilibrium—than does Pareto.

Certain aspects of Professor Tonelli's treatment are, however, less satisfactory than Pareto's. We may mention a few of them:

(1) In his definition of the function representing the total utility *(ophélimité totale)* which an individual derives from the consumption of any quantity *a* of good *A*, the author makes the explicit assumption (p. 67) that when the utility derived from the consumption of this good also depends on the consumption of another good (as in the case of the several courses of a dinner), *the order adopted for the consumption of these goods is the one most suitable to the individual in question.* There is a compelling reason for making this assumption when considering the utilities of *dependent goods;* for, unless the order of consumption is given, there may exist no total utility function corresponding to the consumption of two or more commodities. Pareto discusses this assumption at length.[5] Tonelli does not indicate the importance of this problem.

That the question of the utility of complementary goods is not one of mere theoretical significance, but is also of importance to all statistical economists, becomes evident as soon as we put the following facts in their proper relation: (a) Only for an independent good is the curve of marginal utility always negatively inclined; for a complementary good the curve of marginal utility may be positively inclined. (b) The negatively-sloping curve of marginal utility is the commonly

[4] Vilfredo Pareto, *Manuel d'Economie Politique* (1909), p. 234.

[5] *Op. cit.*, page 546, §12 *et seq.* and the references therein given.

accepted explanation of the negatively-sloping demand curve; for a complementary good the demand curve may be positively inclined.[6] (c) Strictly speaking, there are no absolutely independent consumptions of goods; in the market all goods are competing with one another for purchasers.

This means that we have no reason to assume that the demand curves for producers' goods, *which must be used jointly,* are always negatively inclined. Even a searching analysis of the relation between the changes in prices and the corresponding changes in consumption of such commodities as pig-iron,[7] steel, copper, tin and zinc will fail to yield negatively sloping statistical demand curves. It is not for nothing that all statistical economists, with the exception of Professor Henry L. Moore, have confined their statistical studies of demand to foodstuffs. The problem of the demand for producers' goods calls for a re-examination of some of the most difficult aspects of economic theory as well as of the statistical technique by which concrete demand curves are deduced.

(2) The theorem of maximum utility (pp. 292-293) to which Pareto devotes a good deal of space, is given so little attention in this book that it might just as well have been omitted entirely. What is meant by the "maximum utility" of a group? What effect would a change in the distribution of income have on this maximum? Are all individuals comprising the group assumed to be equally efficient or equally inefficient utility machines; or are some individuals assumed to be better pleasure machines than others? The problem is an important one. Thus, if we assume that men have the same capacities for pleasure, we shall probably be led to the conclusion that a maximum of utility will result from an equal distribution of wealth. If, on the other hand, we assume with Edgeworth that men differ in their capacities for pleasure, we shall probably be led to the conclusion that a maximum of utility will result from an unequal distribution of wealth.[8] A consideration of this question would have deepened our insight into the problem of distribution.

(3) Though marginal productivity is included, as it must be, in the equations of the equilibrium of production, its importance is not discussed. Yet this is a subject which was studied at some length by Walras, by Barone, and by Pareto, and which is bound to attract more and more attention, especially in this country.

If these questions relate only to matters of emphasis and content,

[6] See Vilfredo Pareto, *Manuel d'Économie Politique,* pp. 579-591, and his paper on "Economie Mathématique," pp. 628-631, in *Encyclopédie des Sciences Mathématiques,* tome I, vol. IV, fascicule 4.

[7] See Henry L. Moore, *Economic Cycles* (1914), pp. 110-116.

[8] F. Y. Edgeworth, *Mathematical Psychics* (1881), p. 64.

the one which is suggested by the scope of this book and the results reached therein is of a higher order of importance. It is this: "Has the Lausanne School type of economics reached a standstill?"

Granted that Professor Tonelli has made some improvements in the structure of the Walras-Pareto theory; granted that the theory of equilibrium is the only type of scientific theory we have; granted that it is also a harmonious and beautiful theory, the fact remains, nevertheless, that it is much too abstract for practical purposes. As Bousquet remarks:

> Il y a un demi-siècle que Walras a posé les équations de l'équilibre, et personne n'a encore recherché dans quelle mesure l'économie d'une nation (France, Angleterre, Allemagne, etc.), d'un continent (Europe) ou de plusieurs continents (Europe, Amérique, Marchés de l'Extrême-Orient) formaient ou non entre eux un système réalisant les conditions voulues.[9]

The "equilibrists" are wont to dwell on the resemblance between economics and mechanics, but they overlook the fundamental differences between the two sciences. The general formulas of mechanical equilibrium nearly always admit of practical application by a series of approximations. The general formulas of economic equilibrium very seldom admit of application to concrete phenomena. Professor Tonelli calls the body of doctrine which he is expounding "la science expérimentale des phénomènes économiques." This is clearly a misnomer. There is nothing "experimental" about the general equilibrium theory. It is even more abstract than geometry. The formulas of geometry enable us to compute distances, areas, and volumes; the formulas of theoretical economics have no such heuristic properties.

This is due primarily to the fact that most economic laws or principles are expressed in the terms of *properties* of things or persons rather than in terms of operations. Thus we define "utility" as the *property* which a good has to satisfy a want, and we talk of "keeping other things constant" without specifying the mental or physical operations by which this may be done. As long as this situation obtains, that is, as long as our fundamental concepts are not synonymous with corresponding sets of operations (and, hence, do not admit of the possibility of experimental verification), it is wrong to speak of economics as an experimental science.

What we have to do to our discipline to make it an "experimental science" is to examine our concepts or laws from the operational point of view; for, as Professor P. W. Bridgman, the chief advocate of this point of view, argues:

> If a specific question has meaning, it must be possible to find operations

[9] G.-H. Bousquet, *Essai sur l'Evolution de la Pensée Economique.* Paris (1927), p. 279.

by which an answer may be given to it. . . . .[10] If the concept is physical, as of length, the operations are actual physical operations, namely, those by which length is measured; or if the concept is mental, as of mathematical continuity, the operations are mental operations, namely, those by which we determine whether a given aggregate of magnitudes is continuous.[11]

We shall then be able to answer such questions as, for example, what are the objective criteria of free competition and monopoly? Can we tell from the behavior of the price and output of a commodity for a period of time whether it was produced under conditions of free competition or monopoly? How may we deduce concrete statistical demand and supply curves for producers' goods? How may we determine the marginal productivity of labor and capital? We shall then also discover, perhaps, that the concept of *routine of change* or *moving equilibrium* must replace that of *static equilibrium*, and that pure theory is only a part, a small part, of economic science.

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[10] P. W. Bridgman, *The Logic of Modern Physics*, (1927), p. 28.

[11] *Ibid.*, p. 5.

THE PLAYING CARD CURRENCY OF FRENCH CANADA

Of the many commodities that have been used in primitive communities as media of exchange, wives, rum, and playing cards seem to be the most picturesque. The French-Canadian card currency has been described more or less briefly by many writers since at least Parkman's day, but the publication of two large volumes of documents[1] by the Canadian archives now allows us to make a detailed study of currency theory and practice and of war finance on a small stage simply set. From that study one concludes that there was a certain fitness in adopting the implements for gambling as money.

The stage setting can be briefly described. Small farms, slowly being cleared, fringed the lower St. Lawrence. The habitants, tenants of the seigniors, lived a largely self-sufficing life, but as settlement grew thicker and markets developed at Quebec and Montreal, they produced some wheat, corn, peas, and salt pork for sale. They paid their dues[2] or debts in produce; at times the authorities ordered creditors to accept wheat at fixed prices; and when in 1682 all able-bodied persons were told to get fire-arms, the merchants who sold them were bound to take payment in farm produce.[3] The habitant brought with him from France his love of hoarding, and tried to cling to any money that came into his hands. Nay more, though he had never heard of one Gresham, he knew that it was wise to spend bad money and hoard good. But on the whole he had little need for currency, so long as he could barter smoothly.

Canadian commerce grew slowly and fitfully. The fur trade had its ups and downs. Competition from the Hudson's Bay Company and the New England traders was often severe, prices occasionally were ruinously low in the European market; while the many wars of the period reduced the volume of trade or of profit. Yet on the export of furs the colony's foreign trade chiefly depended. True, there was some demand in the West Indies for Canadian produce, and in the eighteenth century[4] some ships brought French goods to Quebec, took Canadian flour, salt fish, and lumber to the Indies, and then completed the triangle by loading sugar for France. But this trade was insignifi-

[1] *Documents relating to Canadian Currency, Exchange, and Finance during the French Period,* selected and edited with notes and introduction by Adam Shortt. In French and English. Vols. I and II. (Ottawa: Board of Historical Publications, 1926.) Page references in every instance refer to this publication.

[2] Some tenants had to pay their rent in live capons or money "at the option of the seigniors." When prices of farm produce were high, the tenants wanted to pay in money; but the landlord chose to have capons "gras et vifs." Disputes were probably frequent.

[3] P. 53.

[4] P. 673 (*circa* 1730).

cant when compared with that in furs. For the fur business, trade goods were more important than currency, though some money was probably taken into the interior, and in 1685 this practice was forbidden lest it "dissipate what money there is in Canada."[5] Hence barter, with fur values fixed in terms of trade goods, prevailed at the trading posts; at Niagara (1740) wild cat skins were the measure of value,—"a blanket is worth eight cats, a pound of beaver two, and so with other goods and peltries;"[6]—and those who thought in terms of money completed their calculation by saying that one catskin was worth twenty-five sols.[7]

Unaided, the habitant and fur trader would have done little to develop commerce or create currency. But alongside them stood the church and the state—consumers rather than producers—and the task of meeting the demands of the various religious groups or the local military and civil authorities played a large part in creating a more elaborate commercial structure than would otherwise have been necessary. The church was even more important in the life of Quebec then than it is now, and its influence on economic life was far-reaching. The state meant Louis XIV, French ambition, wars, incompetent or corrupt colonial officials, lavish presents for the Indians, work on fortifications, and national finances that were quick to collapse but slow to recover. Hence Canadian commerce and currency were overshadowed by the exigencies of war finance, the liquidations of post-war periods, or the extravagance of preparations for next time.

Like the English colonies to the south, French Canada could scarcely hope to retain a metallic currency. In the brief intervals of peace, the government often sent at least a part of the funds allotted for civil and military expenses in coin; some money was also sent for the use of the religious orders; and merchants who came from France to buy goods brought a supply of coin as well as of wares. But all these coins very quickly disappeared. Some got into the hands of hoarding habitants; the rest went back to France, probably in the same boat they had come in, to pay bills or buy more goods. In the case of coins at least, exports must have nearly equalled imports in some years.

Various attempts were made to keep money in Canada, chiefly by giving it an enhanced nominal value. From 1662 to 1717 all money passed as "money of the country" at one-third more than its value in France. Sometimes this practice over-reached itself, as when, in the sixteen-sixties, the liard was enhanced from its French value of two deniers to one of six deniers in Canada. The profit to be made

[5] P. 55.

[6] P. 689, 691 n.

[7] In 1674 merchants were ordered to accept moose skins in payment for goods, "with prohibition to everyone to refuse them." P. 89.

by bringing liards to Canada was so great that "divers private persons . . . . brought a great quantity of (them) into this country . . . . owing to the attraction of the profit on it," and the rating had to be reduced to three deniers and later to two.[8] But even the premium of one-third failed to keep the coins of higher denomination in the country, especially when fur exports or prices were low. If the local merchants had ample furs to export, they could draw bills of exchange on the French importer, and thus get in France the money with which to pay for the goods needed in France. But fur supplies were often scanty, so they must send coin, and compensate themselves for the lower value of the coins in France by increasing the prices at which they sold their goods in Canada.

When the appreciation of French coins failed to achieve its purpose, an attempt was made to introduce a special currency which would have no value outside the colonies, and which would not—and even could not—be exported. Such coins were actually issued at various times, and found some favor in the French West Indies. But they were useless to Canadian merchants simply because they could not be exported, and therefore never entered into active circulation in Canada.[9]

While furs were the chief export, government supplies were the chief single import. Each year "the King's ship" brought dispatches, new settlers or officials, and supplies. Sometimes the supplies were largely in coin, but usually they were chiefly in foodstuffs, clothing, munitions, and goods of various kinds which were either to be disbursed to the troops or sold. But the local merchants resented this invasion of their field; and the officials disliked the task of turning shopkeeper.[10] Goods sometimes were lost or damaged in transit, the wrong kinds of wares were sent, or the sale took such a long time that the officials were rich in wares but poor in cash.[11] This crude and costly method was doomed to break down if fur exports fell or if the government,

[8] Pp. 11-13 (1664). See also p. 23, for similar experience with the sol marqué, rated at 24 deniers, and of necessity cut down to 20.

[9] Pp. 17, 37, 523 ff. In 1724, 20,000ll of copper coins made for colonial use lay in Quebec unacceptable, and were eventually returned to France. The people would not use the money "because it is not the practice in this country to receive or make payments in copper coin, which has been found inconvenient on account of its weight, which is usually beyond its intrinsic value, and because it is not current beyond the colony."

[10] "It is invidious for the King to have a store six times bigger than that of any merchant." Letter from Frontenac, p. 101.

[11] *E.g.*, in 1699 the intendant complained that much of the pay for the troops had been sent in flour and bacon, "which have been converted into pay only after long delay," (p. 109). At least one consignment of salt was ruined by sea water. In 1684 arms were sent, to be sold to the settlers, and there was great delay in receiving payment; in the same year lead was sent, but there were no artisans in Quebec who could work it up.

under stress of war difficulties, was unable to send the coin and goods needed by its colonial servants.

The breakdown came in the middle sixteen-eighties. The Iroquois were harassing the settlers and fur traders with more than customary vigor; trouble was brewing with New England; and hence fur exports and farm production declined, while military expenses rose. To make things worse, the French government altered the procedure for sending supplies. Formerly the supplies for, say, 1676, had been allotted and sent during the summer of 1675, and had reached Quebec between June and early November—the season when the St. Lawrence was open to navigation. But for some reason the funds for 1685 were not allotted till January of that year, and did not arrive in Quebec till about the end of August. The local officials had therefore been compelled to carry on for eight months without supplies or money; and, as the last consignment had come in 1683, Demeulles, the intendant, was at his wit's end, for the local treasury was empty by April, 1685.

To meet this situation, the troops were given permission to seek work as farm laborers; but some of them were too old, and the rest were too late, since the farmers had already finished ploughing and seeding. Demeulles spent his own money, borrowed from his colleagues, and strained his credit at the shopkeepers' to the limit. By June he had exhausted every available source, and the King's ship could not be expected for at least another three months. At last, "not knowing to what saint to pay (his) vows," he decided to issue the playing card currency.[12]

He secured packs of cards, and cut each card into quarters. On each piece he wrote the value at which the card was to circulate—15 sols, 40 sols, or 4 livres—added his initials and seal, and then paid the cards out to those soldiers and officers who were unable to obtain work. The cards were made legal tender; prices must not be raised to those who wished to make payment in cards; and the whole issue was to be redeemed when the King's ship brought the delayed funds. This promise was faithfully kept, for in early September the intendant ordered that all cards be returned within eight days, in order to be exchanged for coin. Cards not returned at once would be declared worthless.

This first issue was small; it served its purpose as a temporary device, and was promptly withdrawn and burned. "No person has refused (the cards) and so good has been the effect that by this means the troops have lived as usual."[13] The experiment was therefore repeated in 1686. In February of that year the local agent of the

[12] P. 75.
[13] P. 75.

French Treasurer-General of Marine[14] informed the Governor that his coffers were empty, so a new issue of cards was made. The agent wrote them out and signed them; they were then stamped with the governor's seal, and paid out as wages or for supplies.[15] They were withdrawn in the fall immediately the year's supply of coin arrived from France.

The Canadian officials were really rather proud of their ingenuity; but their pleasure was shattered when they heard what Versailles thought of their money-making. The king "strongly disapproved;" the practice was "extremely dangerous," the cards could easily be counterfeited. So let there be no more issues under any circumstances whatever.[16]

For three years the command seems to have been obeyed, but meanwhile a new device was adopted. Some merchants apparently grew weary of sending coin to France, and there was abundant evidence to show the folly of shipping coin either way. They therefore offered to give the Quebec financial agent coin in return for bills of exchange drawn on his chief, the Treasurer-General of Marine in France. Thus everybody would benefit; the scanty supply of available coinage would be kept in Canada, the risks of shipping would be reduced, and the central government would pay money to the home merchants instead of exporting it. In 1686 this plan was approved; the Quebec agent was to sell bills to any who wished to buy them, and these bills would be accepted and paid by the Treasurer-General of Marine. Such payment would absorb part of the annual funds allotted for Canada; the remainder would be sent out in goods and cash.

Cards and bills might have given Canada a smooth-working currency if the cards were not over-issued, if each year's cards came back promptly for redemption, if the agent was able to redeem them, if war expenses did not grow beyond the annual allowance, if coins and/or goods arrived safely and regularly, if Versailles promptly provided money to meet the bills or saw that coins and goods went to Quebec.[17] Unfortunately all these "ifs" turned into "buts" between 1690 and 1713; and cards and bills alike found themselves on the steep slippery slope of war finance.

Card issues became annual events from at least 1690 onwards. In that year part of the stores failed to reach Quebec, and cards had to

[14] Funds were sent to Canada by the Treasurer-General of Marine, who handled colonial finances. His agent in Quebec paid these funds out on orders issued by the intendant.

[15] P. 77.

[16] There was some counterfeiting, but not much, "there not being clever enough people of that type," p. 157.

[17] In 1686, 80,000ll of bills were drawn, but in 1692 the amount rose to 200,-000ll.

be issued with which to buy goods from local merchants. In 1691 and 1692 there were more losses at sea, and consequently not merely were more cards issued but their redemption was impossible. Further, unexpected expenses[18] often made the outlay exceed the sum allotted for the year, so part of next year's funds had to be spent this year, by issuing more cards. As the European wars dragged on, the growing shortage of ready money in France made the government send more and more supplies in goods instead of in coin, and it often took a long time to turn those goods into cash. The local officials were therefore driven to issue more cards, and to abandon any hope of being able to redeem and burn them in the near future. Sometimes they discreetly omitted to mention these issues in their dispatches, but when sheer financial need compelled them to refer to their emergency measures, they were always given a scolding and forbidden to do it again.[19]

During the War of the Spanish Succession (1702-13) French finances went steadily from bad to bankruptcy. In 1699 the export of gold and silver to America had been forbidden;[20] and when the war began, the volume of goods sent to Canada dwindled rapidly. The Canadian officials were therefore compelled to pay their way by issuing and using cards. Then, each fall, just before the ships left for France, merchants came to the local agent, presented the cards they had received in payment for goods sold, and bought bills. These they sent home in payment for the goods they wished to obtain in the ships arriving in the following summer. Provided the bills were accepted and paid when they fell due, all was well; and meanwhile the local agent had turned credits in France into cards in Quebec, and could meet the demands made on him till this money was exhausted, when he would have to begin writing out more cards.

By 1706 however, the bills were not being so promptly met by the marine treasurer; for French finances were now becoming so strained that there was little to spare for Canada. "The times are so difficult that no one can depend on anything," wrote a Versailles official; "His Majesty is far from desirous of continuing the same expenditures for a country which produces him nothing, but which is such a heavy burden to him."[21] In 1709 some bills due in 1703, 1705, 1707, and 1708 were still unpaid, and from that time until the end of the war few bills were met, except in treasury notes which had been issued by the government in such large quantities as to be worth only half their

[18] *E.g.*, those incurred in fighting the Iroquois, or special calls for presents to loyal Indian groups.

[19] "It is the determination of the King that the practice shall cease, and in his name I forbid it." (Dispatch from Versailles, 1699.) P. 107.

[20] P. 109.

[21] 1708, p. 179.

face value.[22] Canadian merchants therefore became loath to buy bills, or doubled prices in order to compensate for the delay in getting payment and the loss caused by receiving treasury notes.[23]

Under such circumstances the card issue swelled rapidly in volume, for the coin supply had long ago disappeared, through export or hoarding; and of one governor it was said that "if he learns that a man has a silver spoon or fork he sends and seizes it and forces him to take a card in payment."[24] All thought of early redemption of the cards had been abandoned, and in 1705 their circulation as legal tender was decreed.[25] Soldiers' pay, general war expenses, the cost of building fortifications, all had to be met with cards, and when the war ended the issue stood at about 1,600,000^{ll}. The early cards had been of small denomination, but in 1711 450,000^{ll} had been issued in units of 100 and 50 livres. For these, whole cards were used. The 100^{ll} cards had the inscription and signatures written crosswise on the spades and clubs; the 50^{ll} money was written from top to bottom of the hearts and diamonds. They were signed by the governor, the intendant, and the local agent.[26]

By 1713 the issue was obviously inflated, its redemption at face value was doubtful, and merchants were refusing to buy bills on France if they could possibly avoid it. Prices had therefore increased at least fourfold, and while the merchants and habitants who had produce to sell discounted the depreciation of the currency by selling at high prices, the troops and officials who received their fixed pay and salaries in cards suffered severely.[27]

When the war ended many plans were put forward for clearing up the muddle. Versailles suggested taxation of the colonists, even urging the claims of a capital levy of one-tenth of their property; but the Quebec officials knew their merchant and habitant too well to approve of such a suggestion.[28] Eventually it was decided that the cards were to be reduced to half their face value, *i.e.*, a total of 800,000^{ll}. They were to be retired by being used to buy bills on France—160,000^{ll} per annum for five years. The Treasurer-General of Marine was to be provided with the necessary funds to meet each annual batch of bills as they fell due in the March of each year. The Quebec merchants

[22] In 1707 the notes were so depreciated that "one must lose 50 per cent to obtain cash." P. 171.

[23] Up to 1708 bills up to 180,000^{ll} had been bought annually; but in 1709 and 1710 the amount dropped to about 40,000 per annum. Pp. 213-5.

[24] P. 227.

[25] P. 145.

[26] P. 213.

[27] "Only the poor, and those who are on salaries from the King, suffer greatly, and cannot provide themselves with a quarter of the necessaries of life." P. 283.

[28] P. 259n-261n.

would thus lose half the face value of their money, but they could afford to do so since they had been charging such exorbitant prices. In return they would get bills which their French agents or creditors could cash promptly, in time to send out more goods when the ships left Europe in the late spring for Canada. And while the king would have to face the task of raising 800,000$^{ll.}$ in five years to meet his Canadian war costs, he would benefit by having the debt cut in half, since the cards represented almost the whole of his liability to the colonists.[29]

This plan looked simple and straightforward. Merchant, habitant, and wage-earner soon adjusted themselves to the reduction in value of the cards, though there was "a little commotion (une petite émotion)" which "made sufficiently clear the need for having troops in this country for keeping the habitants respectful and also the Indians."[30] The merchants apparently were so eager to turn bad cards into good bills that in the first year (1714) the intendant sold the bills due March 1715, and also those due in March, 1716.

But Canada's troubles were still far from ended. When the bills reached France, it was discovered that the Treasurer of Marine had received neither money nor instructions, so he refused to accept them. After some delay he accepted them; but, when the date for payment came, he still had no money. The merchants holding the bills obtained a court judgment against him, "with the result that he dare no longer show himself . . . . which is causing a frightful scandal."[31] Not till late 1716 were all the 1713 bills paid, and at times during later years similar unpleasantnesses occurred.[32] The effect of these delays on Canadian conditions and temper can easily be imagined.[33]

While starting to liquidate the past, the French government forgot for a time to provide for the present. No funds were allocated for the expenses of 1714 and 1715, and the Quebec officials were therefore compelled to re-issue, *at their face value*, some of the cards they had withdrawn at half-value. In 1716 goods and coin began to be sent, but in 1718 the supply ship failed to reach Quebec, and again there was confusion and a further resort to cards. But at last, in 1719, the tangle was straightened out, and the first period of card money

[29] Pp. 267-9.

[30] P. 273.

[31] P. 303.

[32] *E.g.*, in Nov., 1717, and Nov., 1718, bills due in March of those years were still unpaid.

[33] "The grumblings are beyond all expression," prices have gone sky-high, and the "officers cannot live at the present time, but can merely languish" (p. 313). The intendant says "If prompt and efficacious remedy is not soon devised, the inhabitants will in future raise no more grain or foodstuffs and will do no more work except for their individual subsistence only. There will be no more fishing, no more shipbuilding, no more manufacturing" and so on. P. 329.

came to an end. The French government succeeded, on terms very advantageous to itself, in wiping out the cost of over ten years of colonial campaigning. The sufferings involved in the operation had been felt most acutely by the salaried officials and soldiers, as well as by any creditors who had been receiving fixed interest or rent payments in depreciated cards. Some officials had doubtless tempered the wind to themselves by devious devices of corruption and self-help, and the merchants and habitants probably protected themselves behind the price level, though they must have suffered far more than the Quebec writers of dispatches were willing to admit.

During the next decade, circumstances forced Canadians to look back on the cards as symbols of the "good old times." Economically the country was recovering, settlement was expanding, the fur trade routes were being pushed further afield, and the general volume of trade and production was growing—or at least wanting to grow. The chief obstacle seemed to be an inadequate and defective money supply. The government was still sending money and merchandise, but the former vanished almost immediately in the usual ways, while the latter, though better than nothing, had to be sold, and was much less welcome than barrels of coin would have been.

By 1727 therefore the "frightful scarcity" of currency seemed to be strangling the colony. Little coin came that year, and the intendant declared that "if no more money comes next year than came this, all the king's troops will have nothing to live upon."[34] He even urged that coins be raised by one-fourth in nominal value, though he admitted this was only a counsel of despair. The settlers were driven to barter or to creating credit paper; personal notes were being given by merchants and others, but were often accepted only at a usurious discount. "The colony and all its trade (were) under extreme depression for lack of money."[35]

The traders therefore petitioned the King for a re-introduction of card currency; and in March, 1729, the King authorized the issue of 400,000[ll] of "currency indigenous to the country."[36] The cards were to be retired annually, either by the sale of government stores or by bills of exchange. Armed with this authority, the Quebec officials set to work. They had ordered 2,000 sets of blank cards from Paris, but two-thirds of the cards were soaked in water when the vessel on which they came was wrecked, so playing cards had to be used for part of the first issue. Eventually plain cards only were used, and the card currency lost its earlier picturesqueness. The cards were cut

[34] P. 575.
[35] Pp. 575-481.
[36] P. 583.

into different shapes and sizes for the seven different denominations ranging from $7\frac{1}{2}$ sols up to $24^{ll.}$. All cards had to bear the impress of the royal arms, had to be written out and signed by the local agent of the marine, and had also to be signed or initialled[37] by the governor and intendant.

The task of preparing the 174,000 cards comprising this first issue was enormous. The home government was repeatedly urged to have the cards printed or prepared in part in Paris; on one occasion it was declared that the local agent would have to spend five months writing and signing cards, while the intendant and governor had more important duties than writing thousands of signatures. But the request was always refused; the proposal was "subject to many inconveniences"[38] which were never specified, and the officials were therefore condemned to continue incurring writer's cramp.

These new cards soon became completely acceptable as currency, and were "regarded in the same light as hard cash."[39] The habitants and small traders therefore hoarded them; and hence the quantity of them in active circulation grew smaller, thus threatening the colony with a currency famine. Officials and merchants therefore urged repeatedly that more cards be issued, and the issue was reluctantly raised at intervals until it stood at $1,000,000^{ll}$ in 1749.[40]

Meanwhile, alongside this strictly limited and regulated card currency there grew up another medium of exchange which was destined to a rake's progress. Canada was spreading out westward; Montreal and Three Rivers had become important subsidiary centers, and beyond, at Kingston, Niagara, Detroit, Michilimackinac, and elsewhere, forts and trading posts were growing important. At each of them were troops and fortifications; and from each of them was dispensed the royal bounty that was to keep the Indians friendly. These outposts were supplied with goods from Quebec; but it was obviously unsafe to risk sending them any cash or cards, for fear of loss or theft. "We never see coined money here," said a Montreal officer in 1735, and further west people probably rarely saw cards. Yet many payments had to be made for labor or materials by the officers in charge of these posts.

The officers therefore began to make payments by writing out orders on the treasurer in Quebec or his deputy in Montreal. But some of the recipients could not take the long journey to cash them; so they endorsed them and passed them on in payment of their own debts.

[37] The small cards were initialled, the higher ones were signed.

[38] P. 651.

[39] P. 623.

[40] In 1741, when the issue stood at $600,000^{ll}$ only about 200,000 were in circulation. P. 695.

After going through many hands and receiving many endorsements, the orders finally reached Quebec, where the treasurer cashed them with card money.

Here was a new source of danger and inflation. Under no circumstances—except that of refusing to accept the orders—could the Quebec treasurer keep the issue of orders in check. The outlying commanders were virtually their own masters where spending was concerned, and "unforeseen incidental" expenses, especially in the form of presents to the insatiable Indians, were ever-swelling regrettable necessities. Further, the land which at that moment housed the exponent of the theory of "séparation des pouvoirs" applied the doctrine in an extreme form in colonial administration. The governor and the military chiefs were allowed to spend as they thought fit; and the poor intendant, who had no control over them, had the unpleasant task of trying to foot the bills. But since the military gentry had been ordered to pursue an aggressive policy and to keep the scalp-hunters friendly and active at all costs, and since the technique of fraud[41] gradually acquired the polish of a fine art, the tiny trickle of orders grew steadily in volume till it became a flood.

In the trickle stage (about 1730-3) the orders were easily managed, and seemed so useful that when all the available bills on France were not bought by people presenting cards, the treasurer sold bills in return for orders, thus virtually putting the orders on the same footing as cards.[42] Further, sometimes the local treasurer found he had not enough cards in hand to cash orders presented, so he issued temporary treasury notes instead of cards, and these notes circulated freely at first. In 1733, it was decreed that orders and notes should be legal tender both in internal trade and in buying French bills.[43]

By 1740, however, the supply of what we might call "army-made" paper had grown so large that "the troops (were) suffering very much from them, as well as the public."[44] The treasurer was finding it impossible to supply bills for all the orders presented; the intendant, forced to keep two clerks busy all the year writing out notes, heartily wished "to see this multiplicity of paper abolished,"[45] and merchants

[41] Robbing the King became a recognized and reputable hobby, practiced by nearly every official and officer, from the intendant downwards. The handling of supplies for presents to the Indians, and the sale of stores sent from France gave fine opportunities for graft.

[42] In the early thirties the treasurer had power to sell 250,000ll of bills each year. But in 1731 only 136,000ll were presented in cards, so he sold about 100,000ll of bills for orders, and his action was approved by the home government. P. 623-7.

[43] Pp. 635-9.

[44] Governor's dispatch, p. 685.

[45] P. 701.

and habitants were showing a decided preference for payment in cards.[46]

The really aggressive anti-British tactics began in the forties, and from 1744 onward there was war or preparation for it. What that meant in terms of expanded paper currency and in hoarding of the more reputable cards can be seen from the following table of the quantity of cards and paper presented for the purchase of bills of exchange.

	CARDS *livres*	PAPER *livres*
1741	176,000	464,000
1743	200,000	430,000
1747	55,000	2,669,000

"It is not my fault," said the intendant, "if they are so prodigious. I must, my lord, repeat it to you, it is not I who order military operations." And it was not his fault if the merchants and habitants, the most efficient enforcement squad Gresham's law ever had, stuck tight to the cards and got rid of the inflated notes and orders in paying their debts.

The final tragic chapter in French-Canadian currency history began in 1755 with the arrival of Montcalm's troops and the Seven Years War. Even before that date, military expenses and general corruption had been taking the paper issue ever higher; and notes were pouring out of the intendant's office. In 1753 the bills on Paris were made payable partly in 1754, but partly in the two following years; and this practice became the rule. Merchants met the increasing demand for goods and the delayed payment of their bills of exchange by raising prices 15-20 per cent.

Then in 1755, with Montcalm's troops came a lot of specie. About 1,200,000^{ll} were sent in 1755, and 1,267,000^{ll} in 1756.[47] Some of it fell into the hands of the British, but sufficient arrived to throw the currency into greater confusion than ever. While the coins lasted, they were used solely to pay the soldiers, who promptly changed them, on the basis of six in coin for seven in paper or cards.[48] The merchants sold goods at 10-20 per cent lower prices for coin than for cards or paper; and the habitants, seeing that the best was better than the good, exchanged their hoarded cards or printed notes for

[46] The habitants, being unable to read, preferred the cards because they could tell their value from their shape and size, while the notes were all of the same size. P. 697. But when about 1750, the notes were printed in part, the habitants seem to have thought a printed note was better than a written one, so they hoarded some of them.

[47] Pp. 827 and 875.

[48] P. 875. In 1759 people were offering 36 and even 48 in notes for 24 in coin, but with little success, p. 891.

coin. The middle class and rich also collected coins and converted many of them into plate, so all the new money disappeared from circulation with miraculous rapidity.

The final plunge need not be described in detail. For a time the intendant tried to bolster up the paper issues by refusing to sell bills except for cards or notes.[49] In 1757 the supply of coin was exhausted. By 1759 fear of repudiation of all forms of paper currency and of nonpayment of bills on France became widespread; merchants raised their prices almost weekly; farmers refused to sell except for coins,[50] so the intendant appealed to holders of coin to let him have them in order to buy wheat.[51] Prices were from five to ten times their 1751 level;[52] and no one cared to do anything but lay up whatever treasure he could before the crash came and the colony was lost.[53] Hence there can have been little surprise when the French government suspended any further payment of bills of exchange till three months after the end of the war,[54] and postponed the honoring of the notes until "circumstances permit."[55]

To the eighteenth century the millions of French liabilities must have seemed as astronomical as the billions of a later century seem to us. The gross sum amounted to 90,000,000^{ll}, of which nearly 50,000,000 was in bills of exchange, 25,000,000 in notes, 1,000,000 in cards, and the remainder in orders or paper of similar origin. Most of the bills were sent to France or taken there by the officials and merchants who left Canada after the conquest; the cards, notes, etc., were largely left behind. Naturally the French bill-holders did their utmost to get the King to pay these bills, while the British authorities insisted that the peace settlement should include provision for the redemption of the currency left in Canada. "Gambling on a certainty," English merchants, and apparently French ones as well, sent goods to Canada to sell for paper at a huge discount. Murray, the British governor, realized that "the people intrusted to (his) care must in the end be very great losers by this Traffick,"[56] so he called the local traders together and pointed out the "absurdity of parting with their money for almost nothing."[57] But in the prevailing uncertainty the residents preferred goods to paper, and surrendered most of what they had at the rate of 100 in paper for at most 15 in goods.[58] Hence the greater part of the paper

[49] P. 853.
[50] P. 921.
[51] *Ibid.*
[52] P. 905.
[53] P. 895.
[54] Pp. 929 ff.
[55] P. 941.
[56] P. 993.
[57] P. 993.
[58] P. 995.

and card currency passed into the hands of London merchants or their agents.

In the final settlement, reached after long and occasionally heated discussions between London and Versailles, some bills were met in full, but most of them at half value. Cards, orders, notes, and the like were redeemed at only a quarter of their value, and the whole payment was made in bearer bonds carrying 4 per cent interest. But since the British holders had most of the cards and orders while the French held the bills, the British authorities pressed for better treatment, and secured an additional indemnification of 3,000,000[ll] for their subjects.[59]

To the French Canadian this settlement was probably of little interest, though he probably found some satisfaction in the fact that by 1776 the bonds were thoroughly worthless. He had "cut his losses," for the second time within fifty years, when he parted with his paper and cards for British goods. There still remained the hoard of coins he had stowed away, and these came gradually out into circulation, providing Canada with its chief metal currency during the next three-quarters of a century. If he had not been so dumb and illiterate, what an amazing volume he could have written, called "An Inquiry into the Nature and Causes of the Poverty of Colonies."

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[59] Pp. 1013-1069.

SOME OBSERVATIONS ON CUSTOM IN PRICE PHENOMENA

In 1883, Professor Devas published in his *Groundwork of Economics*[1] a vigorous protest against the general neglect of customary and moral influences affecting prices of goods, by orthodox economists. Frankly branding his own brief discussion as sketchy and fragmentary, he traced brief outlines of the studies which he believed must be made before economists could claim their account to be complete. Although anticipated by Cairnes[2] and reinforced by Marshall[3], his protest has had little effect, there having been as yet, little extension of knowledge into this field and even less refinement of concepts already entertained under the head of "custom." The following is an effort to contribute toward clearer conception of the meaning of custom.

The mere persistence of an observed regularity of action or condition over long periods, is not necessarily an evidence of custom. This is especially true of much of the phenomena usually ascribed to customary price. In many cases confusion on this point is due to the accident that the practices were written up as evidences of custom before there existed any reliable body of knowledge by which to test and analyze them. Once they are so written up, especially if published in a journal which is normally carefully edited, they tend to become authoritative statements to be cited unquestioningly by later writers.

It will be remembered that Mill[4] cited the lag of retail prices as compared with wholesale, as an evidence of the influence of custom. It is so cited to this day. In 1896, Professor Edward D. Jones[5], in a paper which has since been much quoted, touches this problem with a slightly different emphasis. He found custom at work in two ways: in the lag (following Mill) and in the adherence to convenient round numbers in retail prices. In his otherwise excellent paper, he made effective use of three illustrations which are of interest here.

The first was a comparison of prices of rye flour at Berlin, by months, per 10 kilograms, in marks, over the years 1891 and 1892.

Discussing this table, he said:

The wholesale price is variable, fluctuating in response to every influence of the market. It makes both infinitesimal and large variations, and does

[1] C. S. Devas, *Groundwork of Economics*, London, Longmans, 1883, p. 287.

[2] *Character and Logical Method of Political Economy*, second edition, 1875, p. 44: "How far should moral and religious considerations be admitted as coming within the purview of Political Economy? . . . . precisely in so far as they are found in fact to affect the conduct of men in the pursuit of wealth."

[3] *Principles*, eighth edition, 1922, pp. 6, 559-560.

[4] Chapter IV, Mill's *Principles*.

[5] E. D. Jones, "Round Numbers in Wages and Prices," Am. Stat. Assoc., nos. 35-36, Sept.-Dec., 1896, pp. 111-130.

	1891		1892	
Month	Wholesale	Retail	Wholesale	Retail
Jan.	1.72	3.30	3.02	3.60
Feb.	1.72	3.40	2.92	3.50
Mar.	1.77	3.40	2.91	3.30
Apr.	1.84	3.40	2.68	3.30
May	1.99	3.40	2.63	3.30
June	2.09	3.40	2.62	3.30
July	2.14	3.40	2.52	3.30
Aug.	2.33	3.70	2.00	3.30
Sept.	2.26	3.70	1.97	3.30
Oct.	2.31	3.70	1.91	3.30
Nov.	2.36	3.70	1.80	3.30
Dec.	2.35	3.70	1.74	3.00

so at irregular intervals. It shows no conformity to round numbers or to convenient methods of calculation. It may be said to coast close to the actual cost of production, yielding at the slightest pressure from any direction and changing with the nervous sensitiveness of fear as the forecasts of the market change. The retail price, on the other hand, seems to move according to an altogether different law. It strikes boldly out, and lays between itself and the wholesale price a good round margin. It moves in a more mechanical way than does the wholesale price, and responds slowly to change, seeking convenient round numbers and clinging persistently to ascertained price levels. When it does change, it shows evidence of having broken through strong restraint,—through a "cake of custom" perhaps,—for it makes leaps of considerable distance in a short period. While the wholesale price, in the period we have considered, registers twenty-four different monthly levels, the retail price registers but six.

While almost every clause of his comment can be attacked (as, for example, why the assumption of cost control over wholesale price any more than over retail, when both figures stand without any subsidiary data or interior analysis?), two main questions arise: Are the wholesale prices odd number prices? Is the inertia of retail prices due to custom?

Regarding the first question, it should be noted that the figures given are averages of wholesale quotations throughout the months in question, each figure being derived by averaging from 24 to 27 daily prices. If these daily prices were all round-number prices it would be rather remarkable if their averages fell on round numbers. Moreover, 10 kilograms is not a wholesale unit of rye flour. The Berlin wholesale unit was then the barrel, which contained 196 pounds of 438 grams each. Professor Jones accepted the figures as he found them in a German year book which reduces its figures to the system prevailing in the interior of the nation; but this reduction, secured by dividing the price per barrel by 8.5848+, would make the chances of round

number resultants rather remote. Finally, there is always room for discretion in the selection of representative wholesale prices. Are these the prices of (a) the importer or large miller; (b) the large distributor; or (c) the local jobber who sells directly to the retailer? The tables do not state, but the price spread would seem to indicate the first, in which case the "wholesale price" would be the world-market price, which in 1891-92 was at basis a price in pounds sterling, convertible at fluctuating exchange ratios, again destructive of round numbers.

Certainly there is no satisfying evidence to justify Professor Jones's implication that the rôle of custom in round-number price-setting is different in the cases of wholesale and retail prices; and hence nothing to disturb the axiom that in the marketing of staples the tendency of the deal or transaction is to seek a round-number gross price fully comparable to the much discussed round-number prices observed in retail dealing.

More important is the second question: Is the inertia of these retail prices due to custom? In the light of modern market analysis the answer must be negative. The wholesale market at Berlin is one market into which supplies come, and sales are made, many times daily. The wholesale dealers are specialists, quoting and buying on the basis of estimates of the immediate future, based upon current conditions. Any change of prospect has immediate effect on the entire market. The retail dealers, on the other hand, handle each a multitude of items. For reasons which have nothing to do with custom or with their customers, it is impossible for them to keep up with the daily fluctuations of their numerous supply markets. They buy only occasionally, as they need stock; and, seeking the best price, they tend at each purchase to lay in as much as can safely be held without physical deterioration. On these occasional, widely separated buying dates, the retailer is made aware of the changes in wholesale price. Whether, when he finds a marked change in the price of his supply, he can successfully adjust his retail prices accordingly, depends upon his degree of isolation from directly competing retailers, and upon how much stock surrounding retailers have on hand at the old cost. The whole retail market does not simultaneously feel a change of condition or of prospect, and readjustment is retarded by the competition of those working off old stock. This competition retards the adjustment until the last of the old stocks in the region are nearing exhaustion, when the retail market spasmodically adjusts to the new price level. This is why there often appears a marked rise and prompt fall of wholesale prices, without general change of corresponding retail prices at all.

Only a long-continued movement, or semi-permanent change, of

wholesale price can work out its effect on retail price. This is not due to custom; but to the intensity of competition. It is the way the competition works.

The remaining two of Professor Jones's illustrations which seem to mistake mere stability of price for customary price, are more simple. He posed the general proposition that custom and the round-price tendency of retail prices are more powerful in small markets than in large. This difference, he thought, worked itself out in differing degrees of resistance to estimates of future and calculations of margins. He compares, for example, 1891 average prices of beef per kilogram in Berlin and Potsdam, and of corn per bushel in Racine and Antigo, Wisconsin. The Berlin averages show seven changes in twelve months, fluctuating between 1 mark, 27 pfennigs, and 1 mark, 34 pfennigs; while the Potsdam averages hold steadily at 1 mark, 40 pfennigs throughout. But is this an effect of custom? Potsdam was a small, aristocratic suburb with restricted residence and trade areas, such as furnish to the present-day student of retailing his best examples of monopoly price in products not largely monopolized.

Of Antigo and Racine retail corn prices he says:

> The price of corn in Antigo, from January 1 to May 21, was 40 cents; from June 18 to December 3, 38½ cents. The price of corn in Racine on successive dates was 49, 50, 45, 63, 71, 63½, 53, 55½, 61½, 63½, 52, 53, and 46½ cents, showing more numerous fluctuations.

Here, obviously, is no illustration of round-number tendency. Its sole purpose is to show the effect of custom in small places as compared with large. Racine was a shipping point for corn. It was an integral part of the Chicago market,—would reflect every shift of expectation in the world market. Antigo was not a shipping point for corn,—was not even in a corn district. It was a little, new town of scarcely 4,000 inhabitants, importing such grain as was needed for local purposes. There were no recognized standards for corn grades in the nineties. Each market was a law unto itself. Antigo was simply not in the Chicago market. The probabilities are that the remarkably low prices at Antigo signify a lower grade of grain, not acceptable on the Chicago market, and that the one shift of price marks the only significant adjustment possible under a type of competition very similar to that obtaining in unspecialized retail markets for staples.

Professor Jones's treatment of customary prices in the food field has been criticized at some length, because the criticisms, if valid, point to a prevalent error of mistaking monopoly price, or, more frequently, equilibrium of competition, for customary price. In the discussion of his paper, another significant confusion appeared. As an example of

custom and round-price tendency, the use of the nickel as the smallest unit of currency in California[6], with prices never less than 5 cents, and always in multiples of five, was cited without challenge, and has since been cited with confidence.

California was a relatively new country, of great distances, expensive transportation, and high prices. The only mint then coining the bronze cent was at Philadelphia, and the bronze cent is heavy relative to its value. Under those circumstances, pennies were, for California, not economical—impracticable. Fifteen years later, in 1909, the San Francisco mint started coining pennies. If the five-cent unit of price gradation, and the previous rejection of the penny, were customary, then the new coins should be expected to make slow headway against this custom, clamped tighter now by fifteen years' longer practice, during a period of rising prices and wages, in which the relative importance of the interval of price gradations was growing steadily less. But the penny took hold very quickly and easily. Odd prices appeared in all lines of merchandise. What had appeared to be custom disappeared rapidly. It was not custom. It was merely the only thing feasible in the circumstances.

By contrast, let us now consider some typical cases of true customary price. Aside from its historical significance, the Potomac River claims fame for its eels and its oysters. A visitor on the public wharves of Washington, knowing this, asked a negro fisherman the price of eels, and received the reply, "Dey ain't no eels yit, sah; when dey comes, dey's ten cents apiece." Here was a true case of customary price. Early or late, plentiful or scarce, large or small, when they came they would be ten cents apiece. Pay ten cents and pick the best in sight. The next purchaser may do likewise. That was in 1914. The price had been ten cents for a generation. During 1914, a good fish year, and through 1915, a year of great scarcity, with war prices beginning to be severely felt, eels at the wharf remained ten cents. Not until Congress, in 1916, rebuilt the wharves, widened and deepened the river channels, and erected a $300,000 fish market with plate glass and porcelain, refrigeration, and electric heat, at stall rentals that no darky could afford, did this customary price disappear and competitive practice prevail.

A very similar condition prevailed for many years on the Washington farmers' retail markets in the matter of live poultry, supplied daily by wagon from Virginia, Maryland, and outlying sections of the District of Columbia. There were seven farmers' markets, to which any person could bring goods and sell at retail. Competition was in-

[6] Mary Robert Smith, "Discussion of Paper by E. D. Jones," *Jour. Am. Stat. Assoc.*, 1896, vol. v, p. 141.

tense among strangers from opposite sides of the Potomac, and the situation was made more complicated by the very general practice on the part of the farmers, of driving to different markets from day to day according to the state of the roads. On arrival at the market, in the early morning, the farmer's first move was to scout about, size up the stocks on exhibit, visit a few commission houses, then return to his wagon, set up his "stand" and set his "asking prices."

But not on live chickens. They were ten cents a pound. "Always" had been. Competition was in the matter of quality. If the supply were large, farmers might return home with part of their chickens unsold, or if the supply were short, lower grade birds would sell, but the bargaining was entirely in the selection—the fatness or leanness of the bird, its probable age, the fullness of its crop, the probable reliability of the seller's statements, all were duly considered by the wary housewife to whom the *price* was routine, and to whom 8 cents would have seemed suspicious or 12 cents exorbitant. This customary price broke down between 1900 and 1909, when the growing city began regularly importing live poultry by the carload from west of the Alleghenies.

Prior to 1914, over large sections of the United States, particularly the older sections of the East, it was customary to sell granulated sugar, retail, at wholesale cost. Women kept track of wholesale prices, and got them. This might be called custom in pricing rather than customary price, but it was truly custom, which had probably grown out of the earlier widespread use of sugar as a "leader."

Where customary price is coupled with customary or legal standards of weight or volume, on a standardized product, serious difficulties with far-reaching economic consequences may arise in case of market fluctuations. Prior to the World War, over large sections of the United States the customary price of bread had become five cents per loaf. The customary loaf was one pound. Bakers' competition appeared in variations of quality, in advertising, and in slightly overweight loaves, sold as pound loaves. When the price of wheat sharply increased at the beginning of the war, the baking industry in those sections found it difficult to adjust. Attempts to increase the customary price resulted in heavy loss of volume. Housewives who bought in routine fashion at 5 cents, took the matter out of routine at 6 cents, and displayed an unexpected degree of independence.

The alternative was a lighter loaf. To the extent that it was unnoticed, sales held up, but even an inadequate compensation for the increased prices of flour soon drove the weight down below 12 ounces. At this point several jurisdictions[7] in which, as a part of general

[7] California, Connecticut, Minnesota, Ohio, Vermont, City of Chicago.

weights and measures legislation, the weight of the loaf had been legally specified as one pound, or weight was required to be stamped on the loaf, attempted to enforce these ordinances; while in others, particularly in Massachusetts, New York City, Philadelphia, New Jersey, and the District of Columbia, attempts were made to secure judicial decisions which would give the force of law to the established custom. At a general convention of weights and measures officials of the United States, it was decided to launch two campaigns simultaneously, one to induce all housewives to keep accurate scales and enforce the established custom, emphasizing that this would mean higher-priced loaves, but above-board dealing; the other to secure legislation fixing the loaf at the pound, pound and a half, or multiples of one pound, on the theory that variation in such a staple should be only in the price, which could be easily understood, checked or compared.

Little legislation was secured[8], but the appeal to the housewives was tremendously effective. The minimum weight was driven back to 16 ounces in most sections, and the $1\frac{1}{2}$ pound loaf appeared at 11 cents to 13 cents shortly after. In this instance the strength of the customary price not only drove a large industry to the actual adoption of methods long held unethical, but substantially modified the normal distribution of economic stress arising out of the increased price of wheat.

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[8] See reports of state delegates to Annual Conferences on Weights and Measures; Department of Commerce, Bureau of Standards, Miscellaneous Publications no. 41 (1920) and no. 48 (1922).

WAGES AND THE COLLECTIVE WAGE BARGAIN

I

The commonly accepted account of the relation between collective bargaining and wages runs somewhat as follows:

(1) Individual workers occupy a position of such disadvantage when dealing with employers as to enable the latter to pay almost the smallest wage the worker can accept.

(2) Collective bargaining brings the two parties to something approaching equality of bargaining strength, and enables the workers to enforce demands commensurate with employers' ability to pay.

(3) Since most production yields profits well above the minimum necessary to induce the continuance of operation, the difference between wages individually bargained and collectively bargained may be large.

No doubt there is a superficial plausibility about all this; but it is fallacious. Its assumption that the wage level can be changed without affecting production is false even though most production is supermarginal. The following discussion attempts to make clear that bargaining is powerless to win for labor any significant part of producers' surplus except on terms of inflicting on the community such loss that the share which labor bears will ultimately more than offset its initial nominal gain.

II

The basic fact upon which any valid account of wage determination must be built is that under free competitive enterprise *the profit situation at all times governs business activity and therefore determines the demand for labor.*

At every instant whether the time be one of prosperity or depression there are to be found among existing enterprises the extremes of high success and complete failure. Between the extremes are enterprises exhibiting every possible shade and degree of success. Any change in the situation, therefore, which operates generally to raise or to lower profits must infallibly move some enterprises across the marginal lines. A rise in profits will permit ventures to survive and perhaps to expand, which would otherwise disappear, and a fall of profits will bring bankruptcy or voluntary abandonment to enterprises which would otherwise survive. The number of new ventures launched is similarly affected. When profits are "easy," new ventures multiply. When profits fall off, so do new ventures.

Nor is the effect of changes in the profit situation confined to enterprises which are marginal as a whole. Most going concerns have under consideration at all times, various projects for extensions and

improvements in detail. Many of these lie in the marginal region. Projects which are markedly advantageous have already been adopted; those clearly without merit have been rejected. The rate of embarkation upon such projects will therefore respond in a highly sensitive manner to changes in the profit situation—the more so as such changes operate with a threefold influence, affecting at once the absolute advantage to be expected from a project, the entrepreneur's disposition to attempt any project whatever, and the financial ability to undertake. This last is because, first, profits are saved in greater measure than wages or salaries, and second, because the ability of a business to borrow depends primarily on its profit showing.

For present purposes *industrial equilibrium* may be defined as *a situation in which market demand and market supply for labor are balanced and in which profits so run that the expansion of successful enterprises and the appearance of new ventures offset the shrinkage and disappearance of unsuccessful ventures, to such an extent that the initial balance in the labor market continues.*

When a situation becomes such that profits run higher than necessary for equilibrium as above defined, new ventures and expansions exceed failures and abandonments so that demand for labor rises above supply. When on the other hand the situation becomes such that profits fall below the equilibrium point, failures and abandonments overtop new ventures and expansions so that demand for labor falls below supply. In the absence of collective bargaining or other means of preventing the free movement of wages, the market price of labor will shift upward or downward in accordance with the market excess of demand or supply, and the return to equilibrium will be automatic.

III

(a) Suppose that an initial equilibrium is upset by the appearance, in the market, of new supplies of labor. Assume that there are no labor unions or other organizations for collective bargaining, each workman simply exercising his option of taking an offered wage or looking elsewhere for work. Assume further that no simultaneous fortuitous change occurs in the supply of bank reserves.

Then money wages will move downward. The immediate effect of this is to widen profit margins. This in turn by stimulating new ventures and expansions while reducing failures will bring a net expansion of industry. The absorption of the idle labor supply will therefore begin. But expanding production will presently require the marketing of an enlarged output and this—if nothing has occurred to change the circulating money supply (demand bank deposits included)—can

take place only on terms of falling prices[1]. Thus the price level moves down to the accompaniment of falling money wages and increasing volume of employment. Ultimately the new supply of labor will be entirely absorbed, there will be a new price level at which the money supply will suffice to carry the enlarged real volume of business and there will be a new wage level such as again to give equilibrium profits.

Such a movement as above described does not proceed smoothly. Prices may, under certain conditions, fall more rapidly than wages so that profit margins become unduly narrowed. The expansion will then halt—a retrograde movement may even set in—until the fall of wages once more widens profit margins enough to bring about a resumption of the expansion. Again, the fall of wages may outrun the fall of prices, especially when there is heavy embarkation on the production of capital goods of kinds which do not quickly fructify into direct goods production. The expansion may then develop the runaway recklessness we denominate a boom.

If expansion proceeds in an orderly way, with moderate intensity, the fall of wages naturally becomes slower as the excess of labor diminishes and the competition for jobs less keen. The fall of prices will then gradually narrow profit margins and the expansion will fade into equilibrium. In that case there is time for nearly the full ultimate volume of production of direct goods to be attained by the time the labor absorption is complete, so that wages, prices and profits reach the equilibrium level together.

If, on the other hand, a boom develops, expansion of capital facilities may proceed rapidly up to the very point of complete absorption of the labor supply. At that point, therefore, there will be a considerable rise in the real volume of market commodities still to take place. Furthermore, bank loans will probably have expanded. Studies of velocity of turnover of bank deposits indicate that this is apt also to be very high during such a movement. The volume of money spent by the community has therefore increased during the boom. The fall of commodity prices has, accordingly, probably been in smaller ratio than the rise of production up to this point. Profit margins are still extra wide. The tendency toward expansion of capital facilities will still continue and wages will now rise, since demand is above supply for labor. But with the approach of inadequacy of bank reserves, expansion of deposits ceases. The velocity of turnover of deposits is

[1] Throughout this article the assumption is made that no significant changes occur in money using methods or customs during the changes which are being discussed. Such changes may of course occur, but there is no necessary causal connection between the two sorts of changes. In any case, the effects of changes in money using would for the problem here discussed be identical with those produced by an increase or decrease in money volume.

apparently closely related to expansion of deposits. It seems to fall when expansion of deposits ceases. We have now, then, the phenomena of stationary or decreasing money spending combined with an increasing volume of goods for sale. Commodity prices must then fall rapidly to the accompaniment, at first, of rising wages. Profit margins therefore narrow very rapidly. Furthermore, there has not yet developed—if indeed there can be developed—a method of registering the state of the labor market with anything approaching the promptness with which changes in the goods markets are observed and acted on. When therefore the rapid narrowing of profit margins carries the situation past the equilibrium point, it does not instantly become certain that the demand for labor has fallen below supply, and wage rates do not instantly begin to drop even in the situation which, it will be remembered, we have here assumed—the absence of concerted resistance to wage cuts. By the time, therefore, that appropriate wage readjustment is under way, profit margins will be markedly below the equilibrium point and the industrial situation will have passed rapidly from buoyancy to depression.

It would seem, however, that with wages allowed to move freely, depression could not long endure. The contraction of bank credit, which in the past has usually attended the onset of a depression, never proceeds very far. Within a few weeks the banks are usually ready and anxious to extend loans. Meantime the curtailment of production soon brings about a cessation of the fall of prices, or at least causes the rate of fall to become slow. If then the excess supply of labor is allowed freely to produce its normal market effect there must in no great time come a sufficient widening of profit margins to induce revival of industrial activity.[2]

(b) Now suppose that an initial equilibrium is upset, not by a rise in labor supply, but by an increase in production resulting from improvements in the technic of industry and business organization. For simplicity, assume that the money supply remains constant. While exactly this situation can scarcely be expected to arise in the actual world, the phenomena of adjustment are essentially like those in a situation which does frequently occur, when production grows at a greater rate than money spending power.

Here the initial effect will be over-production and consequent fall of

[2] Needless to say such a boom as has been discussed is a possibility only on the assumption of free movement of wages. It could not occur under the conditions which exist today where both labor and public sentiment offer strong resistance tc downward wage revisions. Nevertheless it is interesting to note that except for this resistance there is no reason why high industrial activity should not accompany a falling price level, a recently prominent theory of depression to the contrary notwithstanding.

prices. Profit margins being thus narrowed, failures and abandonments will rise, new enterprises and expansions will fall off. Unemployment will appear. Wages will move downward. Equilibrium will be restored, with full employment for labor, when prices have fallen in approximately the ratio that production has risen, and when money wages have so fallen as to leave profits at the equilibrium level.

(c) Now suppose that the reverse of the preceding situation appears—the money spending power of the community expanding more rapidly than the volume of production. This, it may be noted, can occur either by reason of an increase in the active circulating money supply (demand bank deposits, plus coin and currency in use outside the banks), or by reason of such changes in business organization and money using habits as would either quicken the velocity of circulation of the active money supply or decrease the number of payments involved in bringing a unit of product to market.

The rise in the money spending power of the community will bring demand for industry's product above supply. The price level will rise. This will broaden profit margins. Failures and abandonments will fall off. The number of attempted expansions will increase. Demand for labor, originally balanced against supply, will rise above supply. *Wages will move upward.* After the rise in money, spending power comes to an end and prices cease to rise, ***wages will continue to move upward until narrowing profit margins so decrease expansions and increase failures that demand for labor once more falls to equality with supply.***

IV

Now suppose that in any of the three cases of upset of equilibrium which have been considered there had existed a thorough organization of labor and that collective bargaining had been in general use. What would have been the effect?

In the first two cases, there would have been resistance to the cutting of wage rates. In the first case (that of a new supply of labor) this, if successful, would have precluded the possibility of absorption of the excess labor. For, industry being in equilibrium, a net expansion would take place only when a rise of profits caused an increase in new ventures and expansions, with a fall in failures and abandonments. But nothing in the situation is calculated to bring such rise of profits except a fall in wages. Such a situation—wage rates held fixed in the presence of a body of labor unable to obtain work—could, of course, be maintained only if the unemployed were supported in idleness. This, it would seem, would require either contributions from the employed or a government dole, since no body of unemployed could exist indefinitely on its savings. Now, in the situation pre-

viously assumed, where wages were allowed to drop until the new labor was absorbed, there is no reason to suppose that the percentage of total product going to labor in the equilibrium following the readjustment would be markedly different from that of the preceding equilibrium. Some of the new labor begins almost at once to transfer to the ranks of entrepreneurs and to the professions and is in no great number of years distributed throughout the range of occupations. Interest on capital may at the very first absorb a somewhat greater share of product than previously; but this should be corrected automatically as the shortage in equipment is made up, a result which will be accomplished fairly rapidly by the combined effect of the temporary rise in interest and in profits. Economic rent might conceivably rise sharply and permanently with an increase in real volume of production, but this has not so far been the experience of the world. Rather the reverse. New demand has served to open up, more often than not, new resources more than commensurate with itself.

The use of collective bargaining, if it prevents absorption of the new labor, means, then, that the product of industry is reduced by what the unemployed might have produced, and that the *percentage* of this smaller product going directly in wages is probably not larger than that which would go from the larger product in the absence of collective bargaining. If labor maintains its unemployed directly, there is, to employed labor, a further loss. If a government dole is given from funds derived from a graduated income tax, it might at first sight appear that the total real income of labor might thus be made nearly to equal that which would be received without collective bargaining. But this loses sight of the fact that any such collection of income tax is made at the price of reducing the volume of saving for investment, thus in turn reducing the rate of accumulation of industrial equipment, and finally bringing about a cumulative reduction in production. Such collective bargaining with doles to the unemployed, can be justified only if one is willing to maintain that the evils of our present inequality of incomes justify bringing an accumulating material loss to labor (in addition to the moral loss involved in the pauperization of part of the labor force), for the sake of inflicting a still greater loss on the more prosperous fractions of the community. But obviously the reduction of inequality can be accomplished equally well if taxes levied with such object are used to construct public works or to advance knowledge.

In the second case,—that of expanding production with unchanged money supply,—the loss produced by collective bargaining is relatively small; yet it is still a loss and not a gain. If labor uses its collective bargaining power to prevent wage cuts when men are thrown out of

employment by reason of the adoption of labor saving devices, the industries making such improvements most rapidly may remain prosperous, but others will find profits falling below the equilibrium point. Their costs are not falling sufficiently to offset the drop in selling prices. Hence, instead of expanding as necessary to absorb the excess of labor, they may even shrink somewhat, and so add to the unemployment. It is to be noted that here wages if left to themselves would not fall far. Equilibrium profits probably do not rise as labor saving improvements increase production. The amount of capital equipment required does rise, however, and,—at least during the transition period,—the rate of interest does not normally fall correspondingly. Hence for equilibrium, the money volume of wages must fall sufficiently to offset this increase in interest charges. The required drop in wages is normally much less than the fall in price level; real wages increase.

But if this small decrease in wage rates is prevented, production must shrink until prices rise sufficiently to permit equilibrium profits. If, for example, the situation called for an average drop of 5 per cent in wages, the prevention of such drop would probably require a rise in prices of around 4 per cent. This in the absence of change of money supply would entail a 4 per cent drop in production and, for the United States, unemployment for more than a million workers. If there happened to exist a power capable of increasing arbitrarily the money supply (money here including deposit credit) this could of course be increased 5 per cent with the result that no unemployment need appear. But in that case the 5 per cent drop in wages has been accomplished through the side door.

In the third case there appears, at first sight, an opportunity for collective bargaining to gain something for labor by reducing the time lag of wages behind prices. But even this is doubtful. In the first place it is to be noted that in a time of advancing prices it is the dealers and speculators rather than the employers of labor who get the lion's share of the extraordinary profits. Thus while the total of profits may be large, that part which goes to entrepreneurs who employ the great body of labor is probably only slightly above the equilibrium point. The excess profits, in other words, are, for the most part, not where collective bargaining can reach them.

Again, there is always the danger, even when prices are rising, that organized labor under collective bargaining will press demands for wages higher than consistent with equilibrium, thus bringing either bitter struggles or acquiescence followed by unemployment. In either case the volume of production is reduced.

One more point should be noticed in this connection. The employment of collective bargaining with the ability which it gives the workers

to oppose wage cuts, undoubtedly makes employers more cautious about offering wage increases in times of rising prices and labor scarcity than if they could assume that wage cuts would be accepted without organized resistance when conditions should again require such reductions. This effect is not, of course, exactly measurable, but without doubt it is real.

V

Suppose, now, that instead of complete organization of labor there exists such partial organization as has prevailed for a generation in the United States. The degree of unionization is highly variable, ranging from totality in some of the skilled occupations to complete absence of organization for unskilled labor. This case is one of special interest as it has furnished material for the false deduction that experience shows the efficacy of collective bargaining. There is no doubt that the more strongly organized groups can sometimes maintain their wages for long periods—perhaps indefinitely—at a level higher than would obtain under individual bargaining. To those unused to rigorous thinking, it is an obvious corollary that under complete organization all labor would profit as the strongly organized groups do now. The error lies in the tacit assumption that the gains of the favored groups are made at the expense of employers where in point of fact they are made at the expense of the less strongly organized group of workers.

Suppose that a strongly organized group of labor demands and receives an increase in wages. This at once raises the cost of production of all articles into which the product of the given labor group enters. Assuming an initial state of equilibrium, the rise in costs will depress profits below the equilibrium point in the industries immediately affected. Production will decrease, unemployment will appear, and prices will rise. It may of course happen that consumption of the product of these industries is very little elastic. In that case a slight decrease in production will bring the necessary increase in market price. But the total spent for such products will in that case be increased, and assuming that nothing has occurred to change the money spending power of the community, there must be a corresponding falling off of money volume of demand for other products. Hence there will come unemployment and falling wages with falling prices. A new equilibrium will be reached when these prices have fallen enough to offset the rise of prices in the group of products affected by the original wage changes and when the labor supply has been re-absorbed at wages which leave equilibrium profits. In these wage changes, other strongly organized groups will be able to maintain previous rates

in most cases at the cost of some temporary unemployment. Hence the fall of wages necessary before equilibrium can be restored will take place entirely or almost entirely among the unorganized groups.

Probably the case just considered may be fairly called the typical one. It is obviously much easier to maintain an effective union in lines where consumption is relatively inelastic and where success in forcing a wage increase does not involve a large falling off in opportunity for employment *among the members of the union.* And equally obviously in this case collective bargaining gains those apparent successes which mislead observers who fail to trace the effects of wage changes through to a new equilibrium.

VI

In the very nature of things, appeal to experience cannot in this matter be conclusive until there shall be available complete and accurate industrial statistics, and until there shall be in use for their interpretation a consistent, comprehensive body of economic theory including monetary and wage theory as integral parts. But it can at least be pointed out that such evidence as we possess fails to support the common belief that experience is on the side of collective bargaining.

It has already been noted that the existence of the belief is amply explained by the phenomena attending the partial and uneven application of collective bargaining. The immediate gains to the strongly organized groups are evident for all to observe. The resultant losses to other labor groups reveal their causal connection with the collectively bargained wage changes only to those trained in economic analysis and possessing the necessary equipment of correct theory.

In *History of Trade Unionism* by Beatrice and Sidney Webb, it is recorded that the first general trades union movement in Great Britain broke down because wage rates were forced up to the point where unemployment became excessive. Has not Great Britain in the past eight years presented essentially the same situation? As the writer sees it, profits in England have been below the equilibrium point. To widen profit margins by the necessary amount, it was necessary that labor costs should fall. This result, which might have been accomplished either by a reduction of wage rates or a rise in output per man, has been prevented by the refusal of the strongly organized British labor to accept either alternative in a sufficiently thorough-going way. Hence heavy unemployment has been chronic. No reasonable explanation other than the difference in labor conditions has been suggested for the almost continuous trade stagnation of Great Britain since 1918 in contrast to the almost continuous state of high industrial prosperity in America. The reference here is not to the difference

in average material well-being in the two countries but to the different extent to which they have been able to employ available labor supply. American labor has had the good fortune so far to fail in its efforts to organize and compel collective bargaining that it finds itself without power to kill the goose which lays the golden eggs. No flippancy is intended in this last statement. If the writer's analysis is correct, the fable of the golden eggs might well have been invented to fit trade union collective bargaining.

A study of the wage data collected by Dr. Hurlin for the Russell Sage Foundation suggests, if the writer interprets them correctly, that under partial unionization, even the differential gains of the more strongly unionized groups are much smaller than is commonly assumed. These figures covered the century 1820 to 1920 and were in two groups, wages of artisans and wages of unskilled labor.

For our present purpose the most significant thing about the data is that the two sets of wages moved proportionately throughout the period, in spite of the fact that unskilled labor was essentially unorganized from first to last, while artisans though unorganized at first, gradually became very generally unionized in the last forty years of the period. If the differential gain from collective bargaining had been marked it should have been in evidence in the form of an increasing spread between the two classes of wages during this forty years. As already noted, no trace of such spread is visible.

If we divide Dr. Hurlin's wage figures by his index of wholesale prices to obtain approximate figures for real wages, the result is interesting. Retail prices should, of course, be used rather than wholesale, but the figures for these were not available. The index of real wages thus obtained shows a steady and rapid rise from 1820 to 1849, a slight recession as prices rose with the influx of California gold, a resumption of the rapid upward movement until 1860, a drop during the Civil War, and then a second resumption of the upward movement continuing until about 1896. Here there was a sharp drop followed after a few years by another upward movement which, however, was decidedly less rapid than in earlier periods. The two decades following 1896 constituted the only considerable period of the entire 100 years during which real wages showed no marked gain. This, it is to be noted, was also the period in which union activity became important. It would be unfair to infer that here we have cause and effect. We may be certain that the slowness of gain was, in part at least, the always observable time-lag of wages during a price rise. But it is surely legitimate to say that here as elsewhere such evidence as we have gives no warrant for claiming the justification of collective wage bargaining by experience.

VII

There has recently been given widespread publicity to a notion that the business prosperity of the community depends upon paying high wages in order that labor can, in turn, buy the products of industry. To the writer this seems egregious nonsense. If no question of saving were involved it would surely be clear to everyone that the dollar of profits which buys a steak is precisely as important a stimulus to further production as the dollar of wages which buys a stew. It must be, then, that the idea, if any, back of this notion is that a workman will spend all his income while the entrepreneur will save a considerable part of his profits. Now it is true, of course, that the savings of wage earners represent a very small fraction of their total earnings and that a large fraction of profits is saved. But saving, in the aspect that matters here, is, under modern conditions, merely a particular sort of spending. If the entrepreneur chance not to plow them directly back into his business, he buys securities, or he puts them into time deposits where either the bank or its customers use them to purchase securities. And every dollar of earnings used to purchase securities (new or old) does its part in raising the price of stocks and bonds, thus decreasing the interest which must be paid (or at least computed) by any entrepreneur who provides his enterprise with further capital equipment. Every drop in such interest rate operates throughout industry to transfer improvement projects from the class of "unjustified because of interest charges" to the class of "profitable."

There is literally no limit to the demand for durable indirect goods which can be generated by a sufficiently great fall in interest rates. And the interest rates which are here under discussion are being continuously adjusted to the requirements of the situation by the buying and selling in the stock and bond markets. Modern industry can readily adapt itself to any rate of saving which the community may chance to adopt. Demand for capital equipment means that part of the labor supply must be employed producing that equipment with, of necessity, a corresponding diminishing in the labor supply available for producing direct goods and so a falling off, at the moment, in the stream of direct goods. Thus saving merely changes the direction of demand but does not diminish the total. Hence it does not alter essentially the relation of wage rates to business activity. Were it possible to hold wages continuously depressed below the equilibrium rate, the resulting wide profit margin would cause such general attempt at expansion as to keep demand for labor continuously above supply. And this is why, as we have seen, wages cannot be kept so depressed. On the other hand, if wages are held *above* the equilibrium point, the

volume of production must fall until a price level sufficiently high can be maintained to allow equilibrium profits. But this equilibrium is one which permits the employment of only a part of the labor force. Unfortunately, it is only too easily possible for labor to hold wages at such a level if sufficiently organized.

VIII

In the foregoing pages the tacit assumption has been made that prices (other than wages) are allowed to move without attempted regulation. Between 1922 and the end of 1927 the purchase and sale of securities by the federal reserve banks seems to have been largely determined by a policy of checking incipient booms and depressions. A noteworthy by-product has been the limitation of swings in the commodity price level to relatively small amplitude. Possibly the checking of the booms and depressions has been the by-product, and the stabilizing of price level the main object. It does not matter. What does matter for our purpose is that enough has been accomplished to make it probable that a really close regulation of commodity price level could be obtained if desired. So long as there are plenty of excess reserves in the federal reserve system, a continuance of the recent policy combined with one of increasing the volume of construction of public works when signs of depression appeared would seem to be sufficient. To insure that such a policy will be permanently applicable, however, necessitates provision for decreasing the gold content of the dollar if it becomes impossible to maintain an excess of reserves otherwise. The great obstacle to permanent stabilization would then appear to be our prejudice in favor of a constant *weight* as a reference standard for *value*. However this may be, and whether or not price stabilization be desirable, its practical accomplishment is one of the possibilities of the not distant future. It seems worth while, therefore, to consider wage determination under a stabilized commodity price level.[8]

Accordingly let us assume that a plan is in operation whereby the commodity price level is held essentially constant. Now suppose that,

[8] The writer is aware that some of the arguments for stabilization have to do with the general price level rather than the commodity price level. It seems, however, that it is the commodity price level which is more likely to be stabilized. It has been argued too, that any attempt at stabilization must go upon the rocks if a very short crop of agricultural commodities causes their prices to soar so that to maintain the constant price level would require drastic reduction of prices of manufactured goods—in other words, that an artificial industrial depression would be created. The thing is certainly a theoretic possibility and it is not a complete answer to say that there is no recent record of any such shortness in the world production of agriculture. It might happen even if it has not. But it would surely not be difficult to provide for such special contingency. For example, a price index could be used for this purpose which would employ current prices for manufactured commodities and a five-year moving average for agricultural commodities.

—there being initially a state of industrial equilibrium,—the labor supply enlarges. Assume also that labor is unorganized. Then wages will fall slightly until profits have risen enough to stimulate the necessary expansion of industry. With the expansion the demand for bank loans will enlarge and will be supplied so long as commodity prices do not rise. It is to be remembered that the initiating impulse, in this case, toward expansion came from a reduction in wage costs, and that there is excess labor available to man more fully the existing equipment as well as for new construction. Hence, the volume of direct goods will rise at the same time that new construction is undertaken, instead of falling as may happen when the labor for a construction boom must be found from among those already at work. It seems possible, therefore, that there will be no general falling of supply below demand for commodities and therefore no rise of prices. But when the increase in available labor supply has been very rapid, the resulting fall of wages might perhaps be so rapid as to bring about a veritable business boom. Only experience will determine this. Should prices begin to rise, those managing the credit supply must choose between allowing a temporary upswing or curtailing credit at the expense of some prolongation of the high unemployment. Once the absorption of the labor supply is complete, excess demand will in any case cause wages to rise until profits are brought down to the equilibrium point.

Next, suppose that the volume of production rises by reason of technical progress. As we have already noted, the normal effect of a rise of production is a fall of price. But normally also the business community quickly makes use of additional offerings of bank credit; and expansion of bank credit normally makes for higher prices. When, therefore, prices begin to fall, it should usually be possible to check the movement simply by making larger supplies of bank credit available. Should private borrowers not take advantage of such opportunities sufficiently promptly, the ball could be started by increasing for the moment the volume of construction of public work or by inducing the quasi-public railroads and power companies to accelerate temporarily their improvement programs.

How, then, would wages move under such a system? One of the effects of technical progress is to reduce production costs so long as wage rates remain constant. If then, in a period of progress, commodity prices were kept constant, profit margins would be continually rising above the equilibrium point and inducing such excess of demand for labor as would keep wages continually rising. Disappearance of industrial depression would be a happy by-product of this sort of stabilization.

Suppose now that labor were strongly organized and that stabilization attempted rather to keep every one employed than to keep prices stable. Then, whenever labor became too eager and forced wages to a level which caused unemployment, more bank credit would be issued and prices would rise. Of course this would cause demands for new higher wages, leading to more provision of bank credit and so on until the dollar reached the limbo where rests the old German mark and Russian ruble.

IX

In conclusion the writer wishes to say that he feels no call to defend the wage rates which would be determined by purely individual bargaining. On the contrary the enormous inequality of income under our present economic system seems to him thoroughly bad. But all the more for this reason we should examine critically anything which is put forward as a leveling device. We ought not to follow a road which leads in the wrong direction. Collective wage bargaining between employers and class conscious workers can in no way help toward a better income distribution; and it can do enormous harm.

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GOVERNMENT CONTROL OF FOREIGN INVESTMENTS

The extent to which a government shall regulate the business activities of its citizens is always a matter of deep significance; but the subject of governmental regulation becomes particularly important in international economic relations. This article will trace the policies of leading capital exporting countries in controlling the outflow of funds, having in view a comparison of the present policy of the United States with those followed in the past by other lending nations. In the case of each country, instances of government control will be analyzed in order to determine the underlying economic or political motives. Consideration will be confined to governmental control under normal economic and political conditions. Control of capital export under abnormal conditions, such as war or currency depreciation, constitutes a separate analysis, and is not directly related to the field of this study which is concerned rather with an examination of government policy under the present normal conditions now affecting the international political and economic relations of the United States.

Control by Holland

International finance, in its modern form, was first developed in Holland.[1] Throughout the sixteenth century even England turned to Amsterdam whenever extraordinary financial needs arose.[2] Thus the Duke of Buckingham pawned the crown jewels when the royal cause was hard pressed.[3] Again the reconstruction of London after the Great Fire was accomplished with the aid of Dutch funds.[4] The Dutch also subscribed to a large proportion of the stock of the Bank of England.[5]

In time this outflow of capital from the Amsterdam money market came under government regulation. Under date of April 7, 1700, the States General issued a decree against "foreign loan transactions without consent."[6] While this order was directed mainly against loans to foreign governments, subsequent prohibitions (known as *plac caten*) placed a ban on "participating or taking an interest in any foreign cor-

[1] H. C. Adams, *Public Debts*, p. 8, notes that the system of public loans was started by the Dutch.

[2] W. Cunningham, *Growth of English Industry and Commerce in Modern Times*, p. 146.

[3] D. Macpherson, *Annals of Commerce, Manufactures, Fisheries, and Navigation*. London, 1805, vol. 11, p. 337.

[4] *Proceedings of the Committee on the Decay of Trade*, 1669 Historical M.S.S. Commission, Appendix to Report viii, p. 134.

[5] C. K. Hobson, *Export of Capital*, p. 85; see footnote, Adam Smith, *Wealth of Nations*, vol. 1, p. 93, 3rd edition, edited by Edwin Cannan, London, 1922.

[6] See article on "The Early History of Dutch Foreign Investments", London Economist, February 15, 1913, pp. 334, 637.

poration." This order was formulated in the mercantilist spirit of the day, and sought to prevent the granting of financial assistance to foreign competitors of the Dutch trading companies in the East and the West Indies. However, these governmental restrictions proved ineffective, for Dutch capital continued to flow abroad in ever-increasing volume throughout the eighteenth century.[7] In fact by the end of the century the policy of foreign lending was telling heavily upon the Dutch market. Its overloaned condition is well described by John Adams in his report of 1783 to the Continental Congress.[8]

Control by Great Britain

Until the eighteenth century, Great Britain was a debtor rather than a creditor in the international money market. Her borrowings from Holland were noted above. However, there were occasions when political exigency brought about the export of British capital. Thus a British loan was given to Flanders at a time when the Low Countries were struggling against foreign aggression.[9] But it was not until the eighteenth century that England became a really important exporter of capital. During the reigns of King William III, and Queen Anne, many of the Whig merchants accumulated vast fortunes; and an ever growing proportion of their surplus funds was available for investment abroad. Foreign states, unable to satisfy their financial needs fully in Amsterdam, now turned to London. These foreign loans in time became so extensive that they caused concern in government circles. Action was finally taken when the Emperor Charles VI approached the London merchants for a large loan. In order to block this transaction, Walpole introduced into Parliament a bill prohibiting loans to foreign powers without the royal license under privy seal.[10] The bill was passed over the opposition of the London merchants, but they succeeded in limiting its operation to a two-year period and thereafter it was not renewed.[11]

Throughout the remainder of the eighteenth and the first half of the nineteenth century, cases of governmental control over the export of capital from England were rare. This policy can in part be explained as a manifestation of the general *laissez-faire* attitude of economic and

[7] *Ibid.*, p. 334; J. Grunzel, *Economic Protectionism*, p. 260.

[8] See article by Nathaniel T. Bacon on "America's International Indebtedness," *Yale Review*, 1900, p. 277.

[9] W. Cunningham, *op. cit.*, vol. 1, p. 146.

[10] A. P. Poley, *History, Law and Practice of the Stock Exchange*, 2nd edition, p. 14.

[11] In 1734 George II of England actually granted a license for a loan to Charles VI. The text of this license is contained in Sir Ernest Satow's *The Silesian Loans and Frederick the Great*, Oxford, 1915, p. 200.

political thought of the time. The government did not even take action during the disturbed state of the foreign security markets in the twenties and later in the seventies.[12]

However, from the close of the nineteenth century until the outbreak of the war, a revival of nationalism brought about a change of governmental policy. The purchase of the shares of the Suez Canal by Disraeli, the official interest of the British government in the various plans for the financial reconstruction of Greece by international capital, while on the other hand the failure of Persia to obtain a loan in the London market and the inability to float loans for financing the Bagdad railroad[13] were all evidences of the growing policy of the government to control the export of capital.

The most obvious case of the intervention of the foreign office was in relation to the Crisp loan of 1912. In that year the newly-formed republic of China was negotiating for a loan with the International Consortium which had the official support of the British government. In the midst of these negotiations the Chinese representatives obtained an offer from an independent syndicate headed by the London firm of C. Birch Crisp & Co. Crisp called on the foreign office where, according to the official account in the *British Blue Book*[14] he was informed that "His Majesty's Government were not, of course, in a position to put pressure on the syndicate interested in the loan, but they could put considerable pressure on the Chinese government and would not hesitate to do so at once." As a result of this governmental opposition, only forty per cent of the loan was placed, and the later installments were cancelled.[15] With the outbreak of the war Great Britain imposed restrictions on the export of capital under the Defence of the Realm act. This control was continued after the war and was modified only in 1925. This policy will not be considered in this article which is limited to government policy under normal economic and political conditions.

Control by France

Throughout the nineteenth century, the economic position of France improved considerably. Her recovery from the adverse effect of the Napoleonic war was rapid, and the Industrial Revolution by the middle of the century greatly augmented the national wealth. Thus the number of depositors in the savings banks increased from 742,889 in

[12] London *Economist*, Aug. 21, 1875, "The Panic in Foreign Stocks".

[13] Edward M. Earle, *Turkey, the Great Powers, and the Bagdad Railway*, pp. 93, 224.

[14] *China*, Nov. 2, 1912, No. 22, No. 30.

[15] F. H. Huang, *Public Debts in China*, p. 60; W. W. Willoughby, *Foreign Rights and Interests in China*, 2nd ed., pp. 991-2.

1852 to 2,130,768 in 1869.[16] Even the unfortunate foreign adventures of Napoleon III checked the financial expansion of France only temporarily. From the Franco-Prussian conflict until the Great War, French industry and trade developed so extensively that the nation accumulated an ever-growing volume of capital for export. Leroy-Beaulieu in 1910[17] estimated that the annual capital accumulation of the nation was about three billion francs of which only about one billion was needed at home. As a result of the large volume of funds available for foreign investment, it grew rapidly in amount as seen in the following table.

GROWTH OF FRENCH FOREIGN INVESTMENTS 1870-1913[18]
(in billions of francs)

Year	*Amount*
1870	10 to 12
1880	10
1890	15
1902	19 to 21
1913	35 to 43

However, this vast volume of foreign investment was not widely distributed as in the case of British oversea capital, but was concentrated mainly in Europe. This uneven geographic distribution of French foreign investment is evidenced in the following figures.[19]

GEOGRAPHIC DISTRIBUTION OF FRENCH FOREIGN INVESTMENTS
(in billions of francs)

Total for Europe	30.4	Total for Asia, Africa and America	14.6
Russia	11.3	Egypt and Suez and South America	4.5
Spain and Portugal	4.0	Tunis and French Colonies	4.0
Turkey	3.5	Argentine, Brazil and Mexico	3.0
Roumania	3.0	United States and Canada	1.0
Austria Hungary	3.5	Other South American countries	.6
Italy	1.3	Asia	1.5
Other European countries	3.8		
		Total for all countries	45.0

This concentration of French foreign capital in certain European countries was due in a large measure to political forces, for the French government often used capital as a counter in the game of international politics.[20] The close relation between French international politics and

[16] Hobson, *op. cit.*, p. 129.
[17] *L'Economiste Française,* August 13, 1910.
[18] H. G. Moulton and C. Lewis, *The French Debt Problem,* p. 324.
[19] Moulton and Lewis, *ibid,* p. 335.
[20] W. Parker, *The Paris Bourse and French Finance,* p. 112, explains this situation as "a vestige of the old tributary position of commerce and finance to the noble and clerical governing class."

finance has been noted by such commentators as Moulton and Lewis,[21] "French finance was a handmaiden of French diplomacy;" Leon Bourgeois,[22] "Good accounts as usual make good friends;" H. Lowenfeld,[23] "The influence of France upon the world political development is not caused by its army, navy or diplomatic relations with other nations, but principally by the Paris Bourse." However, critics of the French governmental policy of control at times lose sight of the fact that it was motivated not only by political but also by economic factors. These considerations had the effect at certain times of stimulating the export of capital and at others of inhibiting it. Governmental encouragement of capital export was frequently given when such loans were "tied" in the sense that the proceeds were spent within France; economic motives at times tended to restrict rather than accelerate the flow of French capital. On the other hand the heavy export of capital after the opening of the twentieth century aroused considerable opposition particularly among the more nationalistically inclined elements in France.[24] The fear of overlending abroad was frequently in the mind of the French government in its policy of finance control. We read that, "the Minister of Finance expressed pleasure at finding that the admission of foreign securities to quotation on the Paris Bourse has decreased. He was delighted that the export of capital had fallen off."[25]

At times there was a conflict between these two motives, the desire for encouraging foreign lending in order to gain political or economic advantage abroad and the aim of discouraging the export of capital to conserve it for home needs. As a result, the policy of the French government was not always consistent.

As far back as 1785 an official decree ordered the Paris Bourse to list only French government bonds.[26] In later years governmental regulation of capital export was defined in the executive orders of December 15, 1875, and of February 20, 1880.[27] In these decrees the Minister of Finance was given the right to withhold or grant listing privileges on the Paris Bourse. According to Guyot,[28] successive ministers of finance made frequent use of their power in seeking to restrict the volume of foreign loans offered in the French money mar-

[21] Moulton and Lewis, *op. cit.*, p. 20.

[22] L. Bourgeois, *Modern Europe*, vol. 11, p. 306.

[23] H. Lowenfeld, *All About Investments*, p. 225.

[24] For expressions of their views see E. Becque, *L'Internationalisation des Capitaux;* E. Seillière, *La Philosophie de l'Imperialisme;* E. Lysis, *Contre l'Oligarchie Financière en France.*

[25] London *Economist*, Jan. 4, 1913, p. 24.

[26] H. Becker, *Les Emprunts d'Etats Etrangers*, p. 24.

[27] E. Vidal, *History and Methods of the Paris Bourse*, p. 100; J. Grunzel, *op. cit.*, p. 262.

[28] *Annals of the Academy of Political and Social Science*, 1916, p. 46.

ket. Under the law of January, 1907, security transactions were further controlled by an edict that announcements of all issues, sales or introductions of securities must first be published in the official journal.[29] On one occasion this law was enforced against a British corporation which was duly convicted.[30] The law of 1907 was extended from time to time, and on December 16, 1913, a circular of M. Caillaux applied the law to foreign treasury notes.[31]

While governmental control was thus directly exercised over the Paris Bourse, regulation was also extended over the Coulisse, the unofficial security market. In the case of the latter institution, governmental approval for listing was not mandatory, but it was informally requested. These regulations were applied on various occasions. Regulation to check the export of capital on economic grounds was exercised when the stock of the United States Steel Corporation was denied listing privilege.[32] Similar action was taken against new Italian securities until it was made clear that the life insurance monopoly would not affect the interests of France.[33] Again in 1908 Argentine had given an order for artillery to the Krupp concern of Germany as against the Schneider works of France. As a result, in the following year when Baring Brothers sought to place in Paris the Argentine internal loan of 1895, its admission was prohibited by the French government. It also banned a Bulgarian loan in 1909 because no orders were to be placed with French suppliers.[34]

Governmental intervention in the French capital market was exercised not only to check but also to stimulate the export of capital. Thus the 1910 loan of 15 million francs was granted to Serbia because of the agreement to place a contract for arms with the Schneider firm.[35]

M. Caillaux, in his capacity as Finance Minister, forced the flotation of the Turkish loan of 1914.[36] How international finance was employed to win Italy away from the Triple Alliance is frankly attested in the writings of André Tardieu.[37]

[29] London *Economist,* Jan. 4, 1913, p. 24; see also statement of Raymond Poincaré in his *Au Service de la France,* vol. I, p. 307.

[30] London *Morning Post,* Dec. 20, 1912.

[31] London *Financial Times,* Jan. 6, 1914; see also his statement in the chamber of Deputies, *Débats Parlementaires,* Dec. 11, 1913, p. 3762.

[32] *Annals,* Nov., 1916, p. 33.

[33] J. Grunzel, *op. cit.,* p. 262.

[34] This loan was subsequently taken up by a German-Austrian syndicate, but only after Bulgaria had yielded certain commercial advantages to the Central Powers. Siegmund Schilder, *Entwicklungstendenzen der Weltwirtschaft,* vol. 1, pp. 343, 344.

[35] *Ibid.,* 1, p. 348.

[36] Y. Guyot in *Annals,* Nov., 1916, p. 44.

[37] A. Tardieu, *France and the Alliances,* pp. 88-89.

The most striking and the most important application of governmental direction of the international flow of capital for political reasons was the flotation of Russian government loans in the French market. From 1880 to 1905, sixteen Russian loans amounting in all to about twelve billion francs were placed in France.[38] The climax in the financial relations between the French money market and the Russian government came in 1906. The Japanese war had weakened the Czarist government, and the revolutionary bodies were quick to take advantage of the situation. Authorization was granted for the creation of the Duma or constitutional assembly which was to meet in May, 1906. Before that time the imperial government through Count Witte applied to France for a loan without the consent of the newly created legislative body.[39] The contract was finally signed in April, 1906. In the following month the Duma was convened, but it was promptly dissolved by the Czar, freed of the need of asking this body for financial assistance.

Control by Germany

Germany was the last great power in Europe to become a creditor nation and was not a factor in the international market until the close of the nineteenth century. Thereon until the outbreak of the war, German foreign investments grew steadily as seen in the following estimates:

Growth of German Foreign Investments 1892-1913[40]
(in billions of marks)

Year	*Amount*
1892	10 to 13
1893	15
1894	12
1905	24 to 26
1906	16
1907	30
1912	20
1913	20 to 35

Governmental control over investments in the case of Germany did not take the form of a legislative act as in France. However, the government was in a position to influence the course of capital export indirectly through the Berlin Stock Exchange. A standing commission of the Exchange known as the "Zulassungstelle" had the ostensible purpose of protecting the German public against fraudulent issues, but the

[38] H. Welschinger, *L'Alliance Franco Russe;* Bourgeois, *op. cit.*, vol. 11, p. 306.
[39] S. Witte, *Memoirs*, p. 285.
[40] H. G. Moulton and C. McGuire, *Germany's Capacity to Pay*, p. 260.

powers of this body also extended to foreign as well as domestic securities.[41]

The German government exerted its control over capital export also through the agency of the Reichsbank which was closely controlled by the government under the act of 1875. Thus Bismarck made use of this power in November, 1887, in blocking the placement of an issue of Russian securities.[42]

On another occasion the Prussian Minister of Commerce banned the listing of Chicago, Milwaukee and St. Paul railroad shares.[43] Cases of the stimulation of capital export may also be found. Loans to Italy were encouraged for political as well as commercial reasons.[44] Witte in his *Memoirs*[45] writes: "In concluding our second commercial treaty with Germany in 1904, I succeeded in securing Germany's permission to float our loan in that country." The Bulgarian loan of 1911 was favored by the government, because of the advantage to be gained by German industry.[46] Likewise the operation of the great banks in financing the Bagdad Railway had the approval of the German government.[47]

Control by the United States

The rise of the United States as a creditor nation has been analyzed in various studies of recent years. From these it is seen that the development of American oversea investments had been in progress even before the outbreak of the World War. Not only had this country extended its proprietary interest abroad but it had also taken active interest in foreign loan operations, such as the Japanese issues of 1905 and the Chinese consortium negotiations of 1909. During the Great War and particularly after our entrance into the conflict, our capital was exported to the belligerent nations on a scale without precedent in international financial history. This outward tide has continued in the post-war period in such large volume that it has created political and economic problems familiar to the the older capital exporting nations of Europe, but new to the United States. As a result this country has been called upon to develop policies to meet these new conditions.

[41] Grunzel, *op. cit.*, p. 261; see also E. Schuster, "German Regulation of Stock Exchange," *Economic Journal*, vol. X, pp. 1-19.

[42] *Die Grosse Politik der Europäischen Kabinette*, 1871-1914, Berlin, 1922, p. 335.

[43] Werner W. Grundherr, *Uber die Wirtschaftliche und Politische Bedeutung der Kapitalanlagen in Auslande*, p. 130.

[44] George V. Siemens, "The National Importance of the Bourse," London *Nation*, Oct. 6, 1900.

[45] S. Witte, *op. cit.* p. 292.

[46] Grundherr, *op. cit.*, *passim*, p. 10.

[47] E. M. Earle, *Turkey, The Great Powers and the Bagdad Railway;* J. Reisser, *The German Great Banks*, p. 545; K. Helfferich, *Georg Von Siemens*, vol. 111, p. 118, *Die Grosse Politik*, XXVII, part II, p. 697.

In the matter of governmental regulation of capital export precedents had already been established. In the period immediately preceding the war, the State Department had taken an active interest in regulating the flow of American capital to China. "That diplomacy," notes one writer,[48] "represents the maximum points to which diplomatic assistance to private investments has been extended by the American Government." In fact, the State Department directly requested certain American banking houses to participate in the plans to finance the Chinese Government.[49]

In 1913, a change in administration occurred, and the banking group addressed to the Secretary of State a note regarding the attitude of the government on their loan negotiations, "upon which this group entered originally at the request of the Department of State." President Wilson, in commenting on what he considered the harsh terms of the loan, stated that "the responsibility on the part of our government implied in the encouragement of a loan thus secured and administered is plain enough and is obnoxious to the principle upon which the government of our people rests" *(Foreign Relations*, 1913, p. 167). As a result of this changed attitude of our government, the American banking group withdrew from the negotiations. Thus the Chinese financial negotiations offer precedence both for the encouragement and the disapproval of a foreign loan by the State Department. In the case of the proposed Honduras loan of 1911, the coöperation of the State Department was one of the conditions of the transaction. (Article by Charles Cheney Hyde in the *American Journal of International Law*, 1912, p. 540.)

The right of the State Department to control foreign investment was enunciated in the pre-war period by Secretary Knox, who, in 1912 said: "A lending government should deter its nationals from making loans not of a sufficiently broad purpose to secure the approval of said government in consultation with other interested powers."[50]

In defining the attitude of the American government toward the granting of loans by American bankers to the Chinese factions during the Revolution of 1911-12, Secretary Knox also made the following statement:

[48] See article by George A. Finch on "American Diplomacy and the Financing of China," *American Journal of International Law*, 1922, p. 25.

[49] "The American group, consisting of J. P. Morgan and Company, Kuhn, Loeb and Company, the First National Bank and the National City Bank, was formed in the spring of 1909 upon the expressed desire of the Department of State that a financial group be organized to take up the participation to which American capital was entitled in the Hukuang Railway Loan agreement then under negotiation by the British, French and German banking groups." Statement by the American group, March 19, 1913, *American Journal of International Law*, vol. 7, p. 340.

[50] *Annals*, July, 1926, p. 74.

In view of the possible effect upon the lives, property and trade of its nationals in the disaffected districts of any departure from the policy hitherto consistently pursued by common consent among the powers, the American government believes that any loans to China at the present juncture would be inopportune, except upon the conditions already laid down, namely strict neutrality as between Chinese factions and broad participations by the interested foreign powers.

While the American government would be inclined to favor financial assistance to China on the above conditions, it is felt to be a corollary of this policy to discourage loans by its nationals unless assured that such loans are in harmony with the above views.[51]

Immediately after the outbreak of the World War the belligerent nations placed large orders of supplies in this country. It was natural for the foreign nations to seek to finance these purchases by loans in this market. Mr. Bryan, then Secretary of State, opposed such loans on the ground that "in the judgment of this government loans by American bankers to any European nation which is at war are inconsistent with the true spirit of neutrality."[52] This ban however proved ineffective.

Ruling of 1922

A definite statement of the policy of the American government toward the growing volume of capital export in the post-war period was enunciated in 1922. On May, 25, 1921, several members of President Harding's cabinet had held a conference with a group of investment bankers interested in international finance. At this meeting the government expressed the desire to be kept informed of the future capital movements from this country. The banking group was asked to coöperate in furnishing the government with this information.[53] Under date of March 3, 1922, the government issued its "Statement for the Press on Flotations of Foreign Loans," which read in part as follows:

The flotation of foreign bond issues in the American market is assuming an increasing importance and on account of the bearing of such operations upon the proper conduct of affairs, it is hoped that American concerns that contemplate making foreign loans will inform the Department of State in due time of the essential facts and subsequent developments of importance. Responsible American bankers will be competent to determine what information they should furnish and when it should be supplied.

American concerns that wish to ascertain the attitude of the Department regarding any projected loan should request the Secretary of State in writing for an expression of the Department's views. The Department will then give the matter consideration and, in the light of the information in its possession, endeavor to say whether objection to the loan in question does or

[51] *Foreign Relations*, 1912, p. 107.

[52] A. D. Noyes, *The War Period of American Finance*, p. 111.

[53] *Commercial and Financial Chronicle*, May 28, 1921, p. 2248.

does not exist, but it should be carefully noted that the absence of a statement from the Department, even though the Department may have been fully informed, does not indicate either acquiescence or objection. The Department will reply as promptly as possible to such inquiries.

The Department of State cannot, of course, require American bankers to consult it. It will not pass upon the merits of foreign loans as business propositions nor assume any responsibility whatever in connection with loan transactions. Offers for foreign loans should not, therefore, state or imply that they are contingent upon an expression from the Department of State regarding them, nor should any prospectus or contract refer to the attitude of the government. The Department believes that in view of the possible national interests involved it should have the opportunity of saying to the underwriters concerned, should it appear advisable to do so, that there is or is not objection to any particular issue.

This statement has since become known as the ruling of 1922 and it has formed the basis of the government policy regarding the control of our foreign loans. Various attempts have been made by Congress to supplement or supersede this informal ruling of the executive department by a formal act of the legislature.[54]

As in the case of earlier capital exporting nations, support for such resolutions in the American Congress comes from those who oppose foreign investment not so much on political as on economic grounds.[55] However, so far none of these proposed legislative acts have been passed, and so the informal statement continues to serve as the basis of the American governmental policy.

Under this ruling a definite procedure of control over the flotation of foreign loans has been established. An American banking house, contemplating the flotation of a foreign loan, sends to the State Department a written memorandum giving the important details of the prospective loan and asking whether there are any objections to it. The State Department thereupon undertakes, with the coöperation of other departments such as Treasury and Commerce, an investigation of the loan from the standpoint of public policy and informs the banking house whether "in the light of the information before it the State Department offers no objection." The ruling of 1922 does not permit American bankers to offer bids which are conditioned upon the action of the State Department; for the ruling specified that "offers of foreign

[54] Senator Carter Glass has attacked its constitutionality on the ground that "the State Department has no more right to establish a practice or adopt a policy of approving or disapproving of foreign loans of private individuals, concerns or corporations in the United States than it has to embargo the export commodity trade of this country." See excellent semi-official explanation of this ruling and comments made by Dr. Arthur N. Young, Economic Advisor to the State Department, in his address before the Williamstown Institute, on "The Department of State and Foreign Loans."—N.Y. *Times*, Aug. 27, 1924.

[55] See *Congressional Record*, vol. 66, part 4, pp. 3919-3920, 4426, 5137, 5424, 3369, 3670, 3917, 3395, 4470, 5580.

loans should not state or imply that they are contingent upon an expression from the Department of State regarding them."[56] The various government departments, particularly Commerce, have developed an efficient system of collecting data on foreign financial developments, and there is usually available adequate information to serve as a basis for judging whether the proposed loan is in accordance with public policy. As a result the banking house receives a reply within a few days and even within a few hours. The need of a quick response becomes more pressing as the competition of British and Continental banking houses for international loans becomes keener.

Practically all foreign dollar loans floated by American banking houses since the formation of the above-described practice have been referred to the State Department. It may therefore be said that practically all the loans publicly offered since 1922 have not been objected to by the State Department. In answer to a letter of a Congressman on this subject, an investment house interested in foreign financing answered as follows: "In the case of every foreign loan with which we are familiar, final and definite action was not taken prior to notifying the State Department of the negotiation and giving the State Department opportunity to interpose objection. This practice, we believe, holds good with all houses irrespective of the amount of the loan."[57]

The ruling of 1922 refers to "loans," and includes those made not only to foreign governments but also to foreign corporations as well. The ruling is limited to loans which are to be publicly offered and does not extend to loans which are to be privately held even when in the form of actual obligations such as bonds. The State Department has however objected to bank credits when intended for a foreign government which had been banned as a direct borrower such as Russia. While the ruling includes transactions with foreign corporations, it does not apply to the sale of their shares in this market.

Under no circumstances should the ruling be interpreted as an opinion by the government on the credit position of a proposed foreign loan. On this subject Secretary Kellogg made the following reference:

> The Department has not assumed and could not assume to pass upon the validity of loans or the security. It has not the authority of law and it will be impossible for any department of the government to parcel out foreign loans, pass upon their merits, their security or upon them as business propositions. Where objection is not made, the Department universally

[56] For explanation of the technical aspects of this ruling see analysis by John Foster Dulles on "Our Foreign Loan Policy" in *Foreign Affairs*, Oct., 1926, p. 34.

[57] *Congressional Record*, vol. 66, part 5, p. 5584. The New York *Evening Post* of May 8, 1925, in discussing this subject of submitting foreign loans to the State Department states that, "all of the major transactions in international credit have been submitted to the Department, although an unimportant group have refused to do so."

states that it does not pass upon the merits of foreign loans as business propositions nor assume any responsibility in connection with such transactions.[58]

True, on certain occasions officers of the administration have issued statements expressing their views on various aspects of certain foreign loans, but these statements of approval have been based on broad principles of public policy. Thus President Coolidge on April 22, 1924, when the Experts Committee was working out the Dawes Plan, made the following statement: "Part of the plan contemplates that a considerable loan should at once be made to Germany for immediate pressing needs, including the financing of a bank. I trust that private American capital will be willing to participate in advancing this loan."[59] Again in reference to the loan to France in 1924 the New York *Times*[60] carried the following news item: "President Coolidge, although not asked by New York financiers to give his approval to their loan to the Bank of France, regards loans by American financial interest to foreign governments as worthy of governmental and private encouragement."

Officers of the various government departments have also at times expressed views favorable to foreign investments. These statements have however been of a general nature and have usually stressed the broader economic advantages to the United States of such oversea financial interests. An examination of their utterances fails to disclose cases where the government has expressed its approval of a specific loan for the purpose of deriving a political advantage for the United States. Moreover, it is not the practice of bankers to use the approval of the State Department as a sales argument to their customers. In fact an examination of a large number of circulars issued by American bond houses since 1922 shows only one case in which the State Department is even mentioned.[61] Furthermore, an examination of a number of the original contracts between banking houses and foreign governments fails to show cases where the approval of the State Department imposes a commitment upon the United States government to any of the parties to the loan contract.

As in the case of the regulation of foreign financing by other creditor nations, the policy of the United States has been based on political as well as economic motives. These, however, have determined few

[58] New York *Times*, Dec. 15, 1925.

[59] Speech at the Associated Press luncheon.

[60] N.Y. *Times*, March 15, 1924.

[61] The circular describing the San Salvador loan of 1923 gives the details of an arrangement in case of dispute between bondholders and the government whereby the American Secretary of State would be called upon to take steps to facilitate a settlement.

of the objections of the State Department. One form of objection which may be considered political in nature has been the opposition to loans intended for foreign governments which have not yet settled their debts to the United States. These inter-governmental claims arising out of the advances granted during the war and immediate post-war periods have been in process of settlement by the Debt Funding Commission appointed by Congress. Pending an adjustment of these public obligations, it was a natural corollary of policy to prevent foreign governments from creating any private obligations in the American money market. In fact it is reasonable to suppose that the ruling of 1922 was formulated primarily in relation to the settlement of the inter-governmental debts. As a matter of fact the ruling was actively applied against various countries which showed an unwillingness to come to terms with the Debt Funding Commission.[62] In explanation of this policy the Secretary of the Treasury in his report for 1925 made the following statement:

> Early in 1925, after much consideration, it was decided that it was contrary to the best interests of the United States to permit foreign governments which refused to adjust or make a reasonable effort to adjust their debts to the United States to finance any portion of their requirements in this country. States, municipalities, and private enterprises within the country concerned were included in the prohibition. Bankers consulting the State Department were notified that the government objected to such financing. While the United States was loath to exert pressure by this means on any foreign government to settle its indebtedness, and while this country has every desire to see its surplus resources at work in the economic reconstruction and development of countries abroad, national interest demands that our resources be not permitted to flow into countries which do not honor their obligations to the United States and through the United States to its citizens.[63]

In 1926 the State Department proscribed a loan which was intended indirectly for Russia through the intermediary of the German banks. A New York investment house had arranged a credit with a Berlin bank for financing the shipment of German goods to Russia. The attitude of the State Department toward this transaction was described in the New York *Times*, April 11, 1926, as follows:[64]

[62] The New York *Times*, Nov. 22, 1925, p. 2, states that "the government has blocked a number of loans to smaller nations which have not yet funded their debts to this country." For additional comments see New York *Times*, Nov. 15, 1925, p. 12; New York *Journal of Commerce*, July 14, 1925; *Wall Street Journal*, June 23, 1925. The most important application of the ruling of 1922 in relation to debt settlement was in the case of France. New York *Times*, Dec. 31, 1924, Jan. 23, 1925, Oct. 16, 1925, Oct. 11, 1927.

[63] *Annual Report of the Secretary of the Treasury*, 1925, pp. 54-55.

[64] New York *Times*, April 11, 1926.

While the State department never disapproved of or discouraged trade between the United States and Russia, it would not be to the interest of the United States to lend money to a foreign country to trade with Russia as this would amount to lending money indirectly to Russia. The State Department does not see how it could benefit the United States to make loans to foreign countries for trading with Russia. It was stated furthermore that as the Russian debts have not been funded, the government does not feel disposed to extend credits to Russia more than to any other debtor nation which has not met its obligations. This was interpreted to mean that the department will insist on the funding of the Kerensky debt to the United States of $250,000,000 before extending long loans to Russia.

As a result of the opposition of the State Department, the New York investment house terminated its negotiations for this loan.

In 1928 the State Department again checked the granting of American credit to Russia. The Russian government sought to place an issue of $50,000,000 railway bonds among American investors through the agency of banks in New York, Chicago, and San Francisco.[65] The announcement of this loan brought forth protests to the State Department from holders of defaulted Russian bonds, particularly the obligations based on the railways. In accordance with its attitude toward Russia, the State Department expressed its opposition to the proposed railway loan, and as a result it was withdrawn.[66] According to the New York *Journal of Commerce*,[67] Secretary Kellogg stated:

The department objects to financial arrangements involving the flotation of a loan in the United States or the employment of credit for the purpose of making an advance to the Soviet Regime. In accordance with this policy the department does not view with favor financial arrangements designed to facilitate in any way the sale of Soviet bonds in the United States. The department is confident that the banks and financial institutions will cooperate with the government in carrying out this policy.

Economic considerations have determined the government in objecting to certain proposed foreign loans. On at least two occasions the government has opposed loans floated in the American money market for the purpose of creating a "monopolization of products consumed in the United States."[68] In 1926 Brazil sought aid from American bankers for the purpose of financing the valorization of her coffee holdings. While negotiations were being conducted, Mr. Hoover issued the following statement:[69]

[65] New York *Times*, January 31, 1928.

[66] "The Department does not view with favor financial arrangements designed to facilitate in any way the sale of Soviet bonds in the United States," announcement of the State Department as quoted in the New York *Times*, Feb. 2, 1928.

[67] *Journal of Commerce*, Feb. 2, 1928.

[68] Speech of Secretary Kellogg as reported in New York *Times*, Dec. 15, 1925, p. 10.

[69] *Journal of Commerce*, Nov. 13, 1925, p. 1; see also *Annual Report of Secretary of Commerce*, 1926, p. 88; 69th Congress, 1st Session, *House Reports*, No. 155, p. 7.

The administration does not believe the New York banking houses will wish to provide loans which might be diverted to support the coffee speculation which has been in progress for the past year at the hands of the coffee combination in Sao Paulo, Brazil. Such support would simply bolster up the extravagant prices to the American consumer.

A similar intervention by the Secretary of Commerce occurred in connection with the potash loan. The potash syndicate had approached American bankers for a loan, but as explained by the latter:[70]

In view of the apparent desire of the authorities in the United States to discourage the issue of loans secured by certain commodities not produced in America, and the consequent delay in connection with the American issue of the potash loan, it has been decided to proceed to issue the first in London, Amsterdam, Zurich and Sweden.

Another case of regulation of foreign loans on economic grounds has arisen in relation to the transfer problem, particularly as it affects the future payment of German municipal and provincial obligations. The German external loan was floated in 1924 and for a time there was a lull in further financing. However as confidence was gradually restored in German credit, numerous local loans were placed in this market. The volume of this financing was so considerable that Secretary Kellogg in his speech of December, 1925,[71] made the following comment:

While the department has not thought itself called upon to object to such loans as against the public interest, it has called the bankers' attention to the fact that indiscriminate loans to municipalities and states were not, it was believed, favored by the German government, and might raise serious questions of transfer of funds sufficient to pay the principal and interest on such bonds.[72]

The State Department also interposed its objection to a loan to a Czechoslovakian brewery "on the ground that the administration could not consistently approve a loan for the manufacture of a beverage abroad considered illegal at home."[73]

On certain occasions the government has taken steps to facilitate foreign loans. Thus, in the case of the contemplated Austrian loan of 1928, the Treasury Department on February 22, 1928, made the following announcement:[74]

It is proposed to recommend to Congress that the Secretary of the Treasury be granted the authority in his discretion to subordinate the lien of the United States on Austria's assets and revenues to the extent necessary

[70] New York *Times*, December 2, 1925.

[71] New York *Times*, December 15, 1925.

[72] See also attitude of State Department regarding German loans, New York *Times*, September 27, Nov. 7, 1927.

[73] *Christian Science Monitor*, Oct. 8, 1927, p. 1.

[74] *Journal of Commerce*.

to permit the flotation of the loan now proposed, subject, of course, to satisfactory notification that the other governments and the Reparations Commission agree to take similar action.

The President, accordingly, recommended Congress to enact proper legislation to subordinate the claims of the United States.[75] Again in order to facilitate the issue of the Greek loan of 1928, the Treasury Department urged Congress to authorize the completion of the advances made by the United States to Greece in 1919.[76]

Conclusion

From the above review of government policy certain generalizations may be drawn. Contrary to a widely held view, creditor governments such as Holland, England, France, Germany, even under normal economic and political conditions, exercised a considerable degree of control over capital export as soon as its volume became extensive. Control has varied in form from a legislative act regulating the stock exchange in the case of France to an executive policy in the case of England during the nineteenth and twentieth century and in the case of the United States at present. Continental policy, particularly that of France, was motivated rather by political than economic considerations. In contrast, the policy of the United States has been governed primarily by economic considerations. Furthermore, when compared with other countries, control as exercised by the United States has been limited in its application. It has extended only to loans publicly offered and not to loans privately placed or to proprietary interests. The United States had developed all the precedents for government control expressed either as approval or disapproval even before the war period. From 1922 to 1928, during which time the ruling of 1922 has been applied, loans amounting to about $14,500,000,000 have been publicly offered in the United States. Practically all of these were submitted to the State Department for its review. It may therefore be said that these loans have been considered generally unobjectionable from the standpoint of public policy. On the other hand, the State Department has expressed its objection to only a few proposed loans whose amount would have added but a fractional increase to the total amount outstanding. These objections were based on considerations of public policy and on investigations made in coöperation with the various governmental departments which have developed competent systems for gathering data on the various factors relating to the loans under consideration.

[75] *United States Daily*, Feb. 22, 1928.
[76] *Wall Street Journal*, Feb. 14, 1928.

It is thus seen that governmental control over foreign investment in the case of the United States has been relatively slight.[77]

From this fact that the government does not exercise strict control over the flow of our capital abroad, two important policies should be kept in mind by the bankers making such loans. First, if defaults occur in the future, little political assistance should be expected from the government which has assumed practically no share in the making of these loans. Secondly, as a result, bankers must realize that the responsibility for the ultimate payment of the foreign loans which they are extending rests primarily on the soundness of their credit judgment and not upon the possibility of political pressure of the United States government. Hence, in the interests of their clients, every care must be exercised no matter how keen is the competition for foreign business.

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[77] "The administration spokesman asserted emphatically that the government has never attempted to supervise foreign loans, floated in the United States," New York *Times*, April 9, 1925. "The government is doing as little as possible to dictate a policy in this connection," President Coolidge, New York *Times*, January 22, 1927; the President also said he considered "the very limited control exercised by the Department of State beneficial," *United States Daily*, October 22, 1927, p. 219.

COMMUNICATIONS

Rent

Professor H. Gordon Hayes, in the June, 1927, issue of the American Economic Review, maintains in substance that when a given piece of land is marginal between two alternative employments, such as wheat and barley, the economic rent which it would bear in wheat-raising is a "cost" of raising barley on it, and vice versa. Hence he denies the truth, or at least the universality, of Ricardo's law that rent is not a part of cost. His theory, however, will not bear careful examination.

All land, all labor and all capital is susceptible of alternative employments. The condition of using a given block of these three factors for the production of wheat is that we abstain from producing barley or any of the other alternative products. Nobody, surely, would claim that the barley which might have been produced with a certain block of land, labor and capital is a "cost" of producing wheat with the same factors. Yet this is all that Professor Hayes is saying, except that he takes the net productivity under barley and calls it (quite rightly) economic rent, and then tells us that this rent is a cost of producing wheat on the same land.

The rates of exchange between wheat and barley, and therefore the location of the margin at which land capable of raising either of them is transferred from one to the other, have nothing to do with rent. They are entirely the result of human preferences—of the choice of consumers between barley and wheat. If two bushels of barley exchange for one bushel of wheat, it is because a certain amount of purchasing power prefers barley and a certain amount wheat. Increase the amount of purchasing power which prefers barley, and two bushels will begin to cost more than one bushel of wheat, and the margin will move away from land whose net productivity in barley is just twice its net productivity in wheat (in bushels) to land where the net under barley is only 1.99 times the net under wheat. But all this tells us nothing about cost. It tells us merely the amount of wheat we have to sacrifice, at the marginal point, in order to get a certain amount of barley; that is, it tells us the price of barley in terms of wheat, which we knew already.

The economic rent of land is its net productivity under the crop which will give the largest net return. A piece of land which is marginal between wheat and barley, with wheat at twice the price of barley, will produce, let us say, 100 bushels of wheat net; by hypothesis, therefore, it will also produce 200 bushels of barley; both have the same value, and both are its economic rent. But let wheat rise to 2.01 times the value of barley, and the economic rent of this land is still 100 bushels of wheat but is now 201 bushels of barley; since the land will not produce 201 bushels of barley, that crop ceases to be of any interest. Somewhere else there may (or may not) be a piece of land which can alternatively produce 100 bushels of wheat or 201 bushels of barley; this was obviously barley land in the first period, and is now marginal between wheat and barley. Professor Hayes argues that the rent of 201 bushels of barley which this land used to bear is now a "cost" of producing 100 bushels of wheat; but it is not. It happens to be the "price" of 100 bushels of wheat; that is all. It is the quantity of barley that we have to go without in order to obtain the marginal installment of 100 bushels of wheat. It happens also to be the rent of this particular

piece of marginal wheat-land. At the same price for wheat there may be other pieces of marginal wheat-land which are incapable of producing barley but could produce Indian corn of about equal value. According to Professor Hayes the net productivity of this land under Indian corn (which is their corn rent) is also a "cost" of raising wheat. There might in fact be a thousand such "costs" at any given price of wheat, according to the different alternative employments of different pieces of marginal wheat-land. It means nothing, except that the "price" of wheat in terms of all these thousand alternative products is such as to make certain pieces of land marginal between wheat and one or more of the alternatives.

The trouble with Professor Hayes is that he is looking at his rent in terms of a money payment, like a bookkeeper, rather than in terms of net productivity of commodities, like an economist. It means nothing to say that a rental of 100 bushels of wheat is a cost of producing 200 bushels of barley, because everybody knows that you do not use 100 bushels of wheat in producing 200 bushels of barley; but when you call it a rent of $100 it looks more plausible. The only intelligible measure of the cost of producing wheat is the amount of labor and of capital-use required where it is produced at the greatest disadvantage, that is to say, on no-rent land. It is perfectly true, as Professor Hayes says, that at a given price and a given instant there may be no marginal land for wheat which is also no-rent land—that all the land brought under wheat by the latest rise in price may have been brought in from other uses and not from no use at all. (In the case of certain higher uses, such as urban residential and business property, this situation is probably invariable.) In that event we must convert the cost of producing wheat into terms of pure labor and capital-use by ascertaining how much wheat will exchange for the produce of a given amount of labor and capital-use on a piece of true no-rent land employed for the production of something else. If there be some true no-rent land employed for the production of barley we can readily obtain the cost (in labor and capital-use) of barley; and if wheat sells for twice the price of barley it follows that the cost of a bushel of wheat is twice the labor and capital-use required for a bushel of barley. That is an intelligible expression. The statement that the cost of a bushel of wheat is two bushels of barley is not.

"Whenever land may be used for any one of two or more purposes," says Professor Hayes, "the rent that might be derived from one use is a factor in determining whether it can profitably be devoted to some other use." But the rent is a resultant of the productive power of the land under the first use. What Professor Hayes is really saying is that the productivity of land under one use is a factor in determining whether it can profitably be devoted to some other use. Which is surely a truism and not a scientific discovery.

B. K. Sandwell

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Comment on Review of Guest's "Public Expenditure"[1]

I do not like to take issue with anyone who takes the time and trouble to review my book, but Mr. Conant by quoting fragments of sentences seems to ascribe to me opinions which I do not hold and which are not

[1] See Review by Luther Conant, Jr., American Economic Review, September, 1928, p. 544.

expressed in the book when the discussions are considered in their entirety.

For instance, the reviewer writes: "The assertion that 'from the psychological point of view there is ever a tendency in public expenditures toward the realization of a static state' may fairly be questioned." I agree with him, as he would have found if he had read the very next sentence in the same paragraph. It reads: "That this state is not actually reached is due to dynamic factors which break down the habitual reactions here and there and from time to time."[2] If it is a sin to state a tendency, as in this case, which does not reach full and perfect fruition, some of those who have contributed most to the development of economics should join me at the mourners' bench. Mr. Conant complains that "the emphasis placed on habit seems overstated." Surely he does not question the extent to which habit rules human activity and thought as stated by such authorities as James, Dewey, Angell, and W. I. Thomas; and neither would he contend that habit contains any dynamic tendencies. Unless he does take these positions, I fail to understand just where he finds ground for his criticism of my innocent statement regarding a *tendency* in the direction of a static state.

Another statement which Mr. Conant chooses to question is to the effect that "voters tend to be moved to admiration of an upper or wealthy class and to support the measures favored by those classes." This, Mr. Conant thinks, contains "a modicum of truth" but "will hardly bear the test of modern political experience." Here again, the reviewer has treated a statement of a tendency as if it had been pronounced by me as a dogma, and has utterly overlooked the fact that I have stated exceptions to the rule. "Exceptions to this," reads a sentence several lines below the one challenged, "are found in the common attitude toward Wall Street interests and toward certain corporate groups."[3] The reviewer has merely dismissed my view of the matter without even an effort to substantiate his own dissenting opinion. He has been content with the logic of Tweedledum as stated by that worthy to Alice: "If it was so, it might be; and if it were so, it would be; but as it isn't, it ain't." Most certainly I do not object to having my positions challenged, but I do feel that the challenge should be stated in terms more definite than a mere dissent.

Again, my statement that "the part played by the voter in . . . . public expenditure is insignificant as compared with that of legislative groups" stirs Mr. Conant to dissent. He feels that too little recognition has been given "to the great increase in the expenditures by communities where the town meeting still prevails." Apparently, I have made a serious error in accepting the opinion of Professor Charles A. Beard who writes of the "decline or disappearance of the town-meeting" and goes on to say that this decline "is to be found among all those states which have adopted the system."[4] However, I do not feel that I have neglected the political behavior of the voter and his part in the determination of public expenditures since the longest chapter in the book, consisting of fifty-nine pages, is devoted to "The behavior of the voter with respect to public expenditures."

[2] P. 76.

[3] P. 75.

[4] *American Government and Politics,* New and revised edition (1914), pp. 651 and 652.

I fully agree with Mr. Conant that the concluding chapter, on "Methods of control," is disappointing. But I must object to his statement that I have recommended limitation of debt totals. Speaking of limitation of tax rates and of debt totals, I have written as follows: "Both of these methods of control fall far short of attaining the purposes at which they are aimed and are useless as a means of bringing about conformation to the standards outlined above. The rigidity of these restrictions often puts the local government in a bad position, and through no fault or extravagance on the part of its officials. Such limitations deprive public expenditures of the elastic quality which they must have if conformation to any kind of a standard other than a rigid one is to be brought about, and the type of standard advocated in this study is far from being one of the inelastic variety."[5]

The final chapter is disappointing because it contains no magic formulæ which will cure the present ills in public expenditure, no panacea which will usher in the millenium as far as matters of public finance are concerned. But here again, I feel that Mr. Conant has erred seriously when he asserts that the reader has been led to look to social-psychological factors for corrective changes. Social psychology has merely furnished the scientific basis for the diagnosis, and it must be admitted that diagnosis and prescription are quite different in character and function. What Mr. Conant expected in the way of remedies is impossible to say; but I renew to him the general invitation in the preface, which he perhaps overlooked, "to provide a more thorough-going treatment of the subject. The book will not have been in vain if it accomplishes no more than that."

Harold W. Guest

Baker University

[5] Pp. 178-179.

General Works, Theory and Its History

International Trade. By F. W. Taussig. (New York: Macmillan Co. 1927. Pp. xxi, 425.)

Professor Taussig, long a recognized authority in this field, here offers us a careful and scholarly discussion of the theory of international trade, with considerable attention to inductive verification and with extended reference to the money and credit mechanism through which the forces in operation work out their effects. In general, the presentation conforms to the orthodox or classical formulas. In places the argument is carried farther than it was by the early classical economists, into complexities which they did not think to develop. For the most part the presentation is convincing, clear, excellently phrased. Occasionally, however, there is a statement which the reviewer feels constrained to question.

In considering the matter of the comparative advantages for producing various goods in different countries, attention is devoted to both wages and interest as elements in cost of production. Rent as a cost is treated only slightingly under the heading of "varying costs: diminishing returns." Thus, assuming trade between Germany and the United States, Professor Taussig supposes circumstances such that at a rate of any better than 10 of wheat for 15 of linen, Germany would gain, but supposes too, that Germany's wheat lands are graded, according to their product with a fixed amount of labor, as yielding 10, 11, etc., up to 15 of wheat. "Under these conditions (p. 77) wheat growing will not cease in Germany after trade with the United States has set in. . . . . The very best German lands, those on which 10 days of labor yielded 15 of wheat, could always hold their own against American competition."

But they could not, or would not, hold their own as wheat-producing lands if it happened to be more profitable to their owners to use them otherwise, *e.g.*, for truck farming. The author seems to be vaguely conscious of the possibility of some such criticism, for he admits, as regards the owner of land, that:

> To some extent he can indeed turn the land to one crop or another; but the possibilities of such shifts are limited. . . . . The superior business manager, however, if he finds that his powers are exercised with less effect in one industry than another, turns from the less profitable to the more profitable. . . . . It is true that accident, inheritance, early misjudgment, may start him in an industry which fails to give full scope to his abilities; and there are plenty of cases in which capable men, once started the wrong way, remain in the industry of first choice. But in the main it is otherwise.

All this, however, does not quite meet the issue. Not only industrial

leaders but subordinate wage earners, too, perhaps the latter more than the former, may find it difficult to change from one line to another. Some are doubtless "marginal" between different lines. Many are not. So, too, of land. Rent-yielding land, not at all marginal land in the common sense, may yet be marginal between two different uses. The fact that, as Professor Taussig contends, the qualities of one farm cannot be transferred to another farm, or that a wheat farm is not a satisfactory site for a shoe factory, proves nothing as to the fixity of land in a given use. The wheat land may be capable of diversion into the production of rye, corn, oats, potatoes, radishes or fruit. True, some land practically cannot be so diverted; but there is, in this regard, no difference in principle between the relation of rent to cost and price and of wages or managerial "profits" to cost and price. And there is exactly the same economic loss involved when, through a tariff, some of the rent-yielding land of a country is diverted to a line in which its rental yield (except as raised by the tariff) is less than it could be in some other line, as there is when such a tariff causes labor or management or capital to be turned away from its most effective application. The principle involved here, called attention to in an earlier generation by Jevons and, more recently, emphasized with a somewhat different slant by Professor H. J. Davenport, has been singularly neglected by a large group of economists. Although the general conclusions of his book are not really vitiated by the failure to bring out the equal significance of rent as a price-determining factor, one wishes that Professor Taussig's scholarly presentation might possess this added excellence. The reviewer makes this comment with due humility, recollecting that he, too, has at times seriously neglected this aspect of cost in relation to international trade.

In the discussion of "comparative advantage and protection," a number of sentences making up a considerable part of a paragraph seem to be a bit confused (pp. 179-180). Very likely the mistake is by typewritist or printer, somehow overlooked in the reading of the proof. "There are goods," the text reads (pp. 179-180), "which, though not exported, are not imported; goods where the balance is even, so to speak. . . . . The explanation of their continued importation lies in the fact. . . . ." There seems here to be a contention that certain goods are *not* imported and, almost in the next sentence, reference to an "explanation of their continued importation." Probably there is a significant omission of one or more sentences, referring to some *second* class of goods, which it pays the United States to import.

Another probably accidental error appears in the discussion of the foreign exchanges when the author refers, as an "equalizing factor," to:

the movement of securities that have an international market. They are sold between the great financial centers in a way that replaces or lessens the transmission of gold. . . . . In any given financial center, a tight-money market and a high discount rate tend to lower the prices of the "active" securities, and of the international securities among them; just as they tend, by increasing the carrying charges, to lower the price of exchange on foreign countries. An inflow of gold, which might be expected to take place toward the country of tight money, is replaced by an outward movement of securities. That movement of securities in itself tends to lessen the differences between the two money markets, both as regards security prices and interest rates, and so tends to lessen the immediate pressure toward a movement of gold.

In case of a threatened outflow of gold from (say) the United States which seemed likely to reduce the reserves of the federal reserve banks, an outward movement of securities, *e.g.*, the sale abroad of securities by these banks themselves, or by other banks or persons, would clearly, for the time being, take the place of the export of gold. In that sense an *outflow* of gold—*not an inflow*—might be "replaced by an outward movement of securities." And it is a fact that the same increase of discount rate which curtails credit, and which tends, thus, to reduce the price level and so to prevent gold outflow, also operates through a reduction of security prices to prevent investment outflow and to cause investment inflow—which means outflow of securities. This investing of foreign funds certainly does tend to lessen the difference between the two money markets and the immediate pressure toward movement of gold outward, but it does not tend to lessen—rather it increases—any tendency of gold to move in. Else how are the securities to be paid for?

The relations of foreign investment, interest and dividends, etc., to the flow of gold, comparative prices and the export and import of goods are discussed from the viewpoint of an inductive verification, although the complexity of the problem and the inadequacy of the available data make the verification a not precisely quantitative one.

Discussing the situation of the United States after 1914, Professor Taussig comments:

> In all that has been said in preceding chapters, an export of merchandise has been treated as the *consequence* of an export of capital; . . . . But in this case it was the purchase of the goods for export which came first; . . . . It was not the loans from the United States that brought about the export of merchandise; it was the previous purchase of merchandise that led to the loans, the export of capital.

The statement is a good one as bringing out a certain contrast. Yet one suspects that Professor Taussig would himself insist—the reviewer would be glad had he formally done so in the context—that there is, after all, less difference fundamentally than appears at first glance. A private corporation, as well as a government, *can* order goods in a

foreign country before paying for them and then arrange for payment through floating its securities in the country where the orders have been placed. It can even float the securities after the actual delivery of the goods. If it does so, such action *prevents* an outflow of gold (or, perhaps, merely a change in the price of exchange) that would operate to cause an exportation of goods equal to the importation. And when a war-pressed government does the same, it can still be said that the chain of causation is the usual one *in the sense* that the loans made or securities sold are a *necessary condition* of the continued flow of goods one way without a reverse flow of gold (which last, on any extended scale, may be impossible).

Discussing the later policy of the federal reserve banks of absorbing and releasing gold without allowing credit to be expanded or contracted, the author concludes (pp. 331-332):

> Neither inflow nor outflow had the effects which the received doctrines contemplate; . . . . And when finally the gold poured in, no rise in prices ensued, and no increased importation of goods was induced by rising prices. . . . .

The reviewer would feel better satisfied had Professor Taussig not so readily admitted an apparent inconsistency of the facts with the theory, at least not without considering possible effects of the flow of gold into the United States upon prices of goods or upon the purchasing power of gold in those foreign countries from which the gold came. Even though no effect was produced in reducing the purchasing power of gold in the United States, the production of the reverse effect on the value of gold abroad would bring the same kind of change in the flow of trade. The reader is left, in this matter, without information which might be relevant.

Great pains are taken to show, in detail, how the gains and losses from trade would be affected, with changing relative demands by the people of each of two trading countries for the goods of the other, in case of the use of inconvertible paper money in both. The problem is, in the main, well handled. The conclusion arrived at is that the relative gains of such a change in demands would be influenced in the same way as if both countries were on a gold standard.

Nevertheless, it seems to the reviewer that the discussion would be a better one had the author distinguished between the sort of case where the trading countries have, each, inconvertible paper money with, however, gold flowing freely in settlement of balances, and the sort of case in which, as largely during the war period, the flow of gold is interfered with by the government. Doubtless the same general conclusion would be arrived at on each hypothesis. But, on the first hypothesis, it is questionable whether one should state that (pp. 355-6):

under paper conditions . . . . nothing moves from country to country except merchandise. . . . . All works itself out through the buying and selling of foreign exchange, the exchange quotations, the slow and unperceived shifts in the flow of goods from country to country, the gradual alterations in prices, the painful readjustment of the productive forces. The whole process operates through the foreign exchange rate.

Is it not possible that, when the flow of gold is not interfered with, the increase of its purchasing power over paper money and over goods in the country from which it is flowing, and the decrease in its purchasing power in the country to which it is flowing, may be a factor in influencing the direction of the flow of goods? And if it be said that the mere variation in the rates of exchange, prior to any such movement of gold, would have some influence on the flow of goods, may it not be replied that variations in the rates of exchange have also some direct influence on the flow of goods under a universal gold standard? To this fact, also, some attention ought to have been devoted. Indeed, it might help, slightly, to explain the quickness with which, Professor Taussig avers (p. 239), international investment is sometimes followed by a flow of goods,—a quickness which the author, arguing that theory calls for a first effect on money flow, then on relative prices in the countries concerned and, finally, on trade, seems to believe is hardly to be expected on theoretical grounds.

Discussing, in another part of his book (pp. 382-384), the connection between monetary problems and the problems of international trade, the author betrays what seems to the reviewer a slight confusion. He seems very definitely to question the possibility of a bank discount rate having any long-run influence on a country's price level.

The rate of discount, after all, is but one phase of the rate of interest at large. While it fluctuates much in each country, it still oscillates above or below the general rate of interest on long-time investments. . . . . Being permanently higher in one country than in another, can its mere height exercise a permanent depressing influence on prices in the country of higher rate? . . . .

I cannot but believe that those who propose gold exchange standards, stabilized exchanges, currencies managed by discount rates, often fail to face the long-run problems.

In the reviewer's opinion a discount rate "permanently higher in one country than in another" cannot, indeed, just because of its absolute height, exercise "a permanent depressing influence on prices in the country of higher rate." Nor can it, either because of its absolute height *or because of its height relatively to the rate in the other country*, exercise even a temporary depressing effect. But a bank discount rate, in any country, higher than the *net marginal return to capital in that country*, does tend to discourage borrowing from banks.

And a bank discount rate lower than the net marginal return *in that country*, tends to encourage such borrowing. Obviously, if the banks are to do anything like a full quota of domestic business they cannot, as a long-run proposition, charge rates much higher than, in the prevailing stage of invention, saving and investment, capital can earn. But they undoubtedly can, by making their rate permanently a shade above a discount rate which would encourage borrowing, keep the amount of bank credit at a permanently lower level and keep the price level, too, subject to the influence of gold inflow from abroad, at a permanently lower level. Thus, a high discount rate adopted with the intention of stopping a rise in the price level which was occurring elsewhere, could, within limits, keep down prices in the high-rate country and encourage its exports. If the country were large enough, the permanent effect on the international price level might thus be appreciable. And if the countries trading with it were likewise trying to stabilize, its excess of exports need not occur.

All this is not to say whether the use of the bank discount rate is the best way to control the price level. But one can scarcely avoid feeling a bit surprised that a writer of Professor Taussig's general viewpoint should seem to question the possibility of even a *permanent* control of the price level by means of the discount rate. Or has the reviewer failed to understand the author's point and so unwittingly misrepresented?

Discussing the subject of changes in the volume of paper money and the incident rise of prices, Professor Taussig scouts the idea (chapter 29) that inflation and rising prices are to be expected, normally, to encourage exports and to discourage imports, acting (as has sometimes been claimed) as a bounty on the former. "If exchange rises *more* than prices do," he admits (p. 387), "the prices of exportable goods will be affected more than other prices, and the export bounty will set in. . . . . But events may take precisely the reverse course. Exchange may rise *less* than prices. Then there will be a special profit on importing; a bounty on imports; a damper on exports."

In this connection reference is made, as a special case (p. 289), to the fact that:

> the German government increased its currency issues during a year or thereabouts immediately after the Great War. It had heavy remittances to make on reparations account; and it was the purchaser, directly or indirectly, of needed food supplies and raw materials. Exchange went up, exports were stimulated, exported goods could be delivered abroad at lowered prices, and there came the fright about "exchange dumping."

With this reasoning, in general, the reviewer is in agreement. It is clearly and convincingly expressed. And that the point should be

made clear is important. There is, however, a qualification which was first brought to the reviewer's attention by a colleague, Professor J. Harvey Rogers, as a result of the latter's inquiries into European war and post-war monetary experiences. It has to do with "forward" exchange which Professor Taussig refers to elsewhere in his book (pp. 215-216) but does not mention in the present connection.

The situation can best be described, for most economists, as a case where borrowers gain from rising prices at the expense of lenders. The potential borrower, in a country where prices are rapidly rising because of paper money inflation, does not ordinarily understand what is happening much, if any, better than the lender. His being a borrower may be chiefly a matter of accident or luck. He does not borrow, therefore, with such consistent determination and hope of gain as he otherwise would. The foreign merchant, however, who sees the paper money become cheaper and cheaper in terms of his own money, would seem to be in a position to take advantage of this fact. He can borrow to buy goods (if he has the credit!), and can repay later, in cheaper money which a much less quantity of his own country's money will buy. He, therefore, *if* the inflation has been steady so that he can reasonably count on gaining from the lender or lenders, has a motive to make purchases, and thus exports from the inflating country might be stimulated.

But the merchant, as such, is hardly likely to be sufficiently in touch with monetary matters to take the risk. He is, perhaps, unlikely to realize his opportunity. What happened, in the case of Germany, was that outside bankers, *e.g.*, in America,[1] sold exchange on funds borrowed from German correspondents. And since they expected to be able to repay these funds for a lower sum in American money than their value at the time of borrowing, competition compelled them to give much of this gain to importers who wished to purchase German exchange for remitting. In effect, the German bankers, or the depositors whose funds they held, were lending at a *negative* interest rate, measured in *commodities*, to American and other importers from Germany, the means to pay for their imports.

Probably such an influence would operate only in special circumstances. There must be rapid and progressive paper money depreciation in the paper money country of such a sort as to be counted upon and taken advantage of, directly or indirectly, by the importers in other countries. This may necessitate the previous establishment of certain close banking relations. Also, the phenomenon has only recently received any attention and, even now, is unexplained in nearly

[1] Actually this practice was indulged in only very little by American banks, Professor Rogers states.

all the current books. Perhaps it was never, before the World War, an influence worth any mention at all. Surely, no blame attaches to Professor Taussig for not discussing it. Yet it is a small part of the problem of international exchange and so should perhaps be mentioned here as involving a slight modification of Professor Taussig's conclusions.

Perhaps too much attention has been directed, in this review, to matters of dissent. A reviewer naturally has an inclination, in giving serious discussion to a book, to argue much the more extensively on subjects regarding which he disagrees with the author, even though they be few. Is this, perchance, merely the consequence of an undue urge to self justification? Or may it have an essential reasonableness? For, after all, on points where agreement is felt, the best comment may well take the form, in case the book is effectively written, of advice to consult it as presenting an adequate and satisfactory explanation. Such advice the reviewer can give, in this instance, with a good conscience, feeling, as he does, that Professor Taussig's book deserves careful and intensive study. HARRY GUNNISON BROWN

University of Missouri

Principles of Economics. By O. FRED BOUCKE. Vols. I and II. (New York: Macmillan. 1925. Pp. xii, 565; x, 520.)

The appearance of another book on general economics (the extended notice of which has been unfortunately delayed) is no longer an event. If "outlines," "elements," "essentials," "worlds," and the like be added to the more conventional "introductions" and "principles," the count, as recorded by such a device as the card catalogue of the Library of Congress, is now above one hundred and fifty, and the two hundred mark is well in sight. The slow and painful progress of our understanding and the rapid increase in the number of volumes, wherein economics is retailed to indifferent general readers and conscripted college students, leaves to a rather discredited Malthusian formula at least a mite of current validity. Since a likeness of title is so usually accompanied by a likeness in viewpoint, in doctrine and in style, we are prone to view the publication of yet another volume as an act rather of negligence than of service.

As an all-too-rare luck would have it, Mr. Boucke's volume contains enough that is fresh and unfamiliar to justify his leave to print; even more, it makes out a good case for being read. It does not elaborate a new conception of economics or add conquered provinces to its domain; it does not put doctrines up in simpler and shorter words than have ever been employed before for Elsie, Helen, Babbitt, or Everyman. It does not attempt to effect a friendly reconciliation between the

simple verities of a "pure theory" and the confusing tangles of a stubborn economic system. It does not seek the relevant and the practical by being all "about government regulation of business, about practical programs of reform, or about the origins of our existing legal and economic order." Instead its concern is with "the groundwork of a real social science;" through its pages march wealth, income, wages and profits, the laws of productivity, the mechanism of supply and demand and the process of distribution; its argument elaborates many a clear-cut doctrine into a neat but not too neat system. The novelty and the value of the undertaking lie rather in the freshening of old concepts, in the restatement of accepted principles, in the crowding of new significance into the familiarities of an articulated argument. The book is an excellent example of what a fresh, alert, vigorous and systematic mind can do with a conceptual attack which for long has been the common property of students of economics.

It is futile to attempt even a personal appraisal of the stuff of the book in a short review; for it is crowded with the fruits of inquiry, acumen, and effort. Its novelties in definition, in statement of principle, in domestication of unruly doctrine, suggest, irritate, provoke, and in the end challenge one to reconsider his own thinking. To set down the reviewer's agreements and disagreements upon "the law of proportionality," the part of the explanation of wages which can be crowded into a law of supply and demand, the factors upon which the thing called "profits" depends, the character of enterprise, and the degree of immunity to control displayed by the standard of living, would require an over-sized article, probably a series of them. Besides, at this rather timorous stage of economic inquiry, there is little in the way of critical appraisal which we of the craft are willing to take from each other.

The book may serve well, indifferently, or poorly as a classroom text; that depends upon what the teacher thinks he wants economics to do and upon his ability to make use of so ingenious a volume. It may be alike a stimulus and a guide in the development of "economic theory;" that depends upon where economics is going, or perhaps more basically upon whether it is going at all. To a single person, the reviewer, the book has proved most interesting because as a late and tangible example of system-building it raises anew the question of how systems are built—or invented.

Its likeness in scope, in method, in outline, in the march of topics, and its unlikeness in detail of statement, invite a comparison with a more orthodox treatise. This book of Mr. Boucke's and its more conventional counterpart alike seek to explain in general terms the organization of the current industrial system. They do it by a like

method, by abstraction from contemporary reality, by driving arguments from assumptions to conclusions, by subduing general statements to the requirements of a scheme of articulated doctrines. A comparison ought to make us more aware of that curious performance of mind which we call "the intellectual process" and more sensitive to the tricks of the trade which we resort to with such assurance in interpretation and generalization. It should indicate how highly selective is the art of system-building, and it may perchance lead to speculation as to how one can believe in pure theory and remain an intellectual monotheist. Its danger is that it may cause some who are lukewarm in the faith to wonder if several different and equally valid systems may not be abstracted from the same current economic reality. Such a comparison may even lead some of us, who with great labor and much weariness of spirit have been engaged in trying to understand a tiny segment of our industrial system, to be amazed that so many large truths can be won so quickly and seemingly at so small an intellectual price.

All of which is quite unfair to the author of yet another treatise on general economics which is crowded with good and provoking things and which has real significance. But Mr. Boucke, no more than you or I, can prevent readers and reviewers from getting out of his book what he did not put into it.

WALTON H. HAMILTON

Yale University

Contemporary Sociological Theories. By PITIRIM SOROKIN. (New York: Harper. 1928. Pp. xxiii, 785. $4.00.)

For the puzzled candidate for a doctorate in social science it used to be an expedient, accepted as right and proper, to select some obscure writer of the past, the obscurer the better, look up his parentage, birth place, and early education, read and abstract his writings, and paste the abstracts together, with such logical consistency as immature critical faculty and fragmentary knowledge of the general field and its historical development could muster, into a thesis which would satisfy a more or less exacting examination committee, none of whom, perhaps, knew much more than his name about the man honored as the subject of the dissertation. Of late years there has been something less of this. Possibly all the obscurities worth while have been embalmed in doctoral theses. There is also some tendency to hold that even a graduate dissertation should be in some respect constructive.

Of late, however, we have had an epidemic of books, usually in the nature of symposia, dealing with "history," "origins," "trends," and "relations" of the social sciences, singly and collectively. Are these books a sign of a healthy intellectual vigor and constructive urge in

social science, or are they indication that social scientists, save the embryonic ones who have some piece of laborious, quantitative research "wished upon" them, are growing weary, or perhaps have seen the appalling magnitude and impossible complexity of the task of scientific penetration into the heart of social reality, and are, to put it in the vernacular, stalling for time? The fact probably is that the social sciences, and especially sociology (whatever it is), have reached a sort of crossroads at which, for strategic reasons, some survey of the land and some taking of counsel is essential to further progress. The attention given to scientific method and "methodology" (a word often portentous of empty verbiage), the demand for a new deal along "quantitative," "objective," and "factual" lines, belief that the older social science was in reality a noisy and superficial splashing about in social philosophy, and conviction that real contribution to the sciences of social relations must be monographic in character—all these may combine to make the real student want to climb some convenient observation tower and get a bird's-eye view of the situation.

The conventional histories of philosophy, economic thought, and political theory are pretty dismal reading, nor is a study of them always profitable to one not already well read in the field. In the process of compression into an octavo volume, all the meat is boiled off the bones, and what we have for our edification is a row of skeletons of dead men's ideas. Life and meaning are lost. Wesley Mitchell in a book review once said that much of the study of the ideas or systems of by-gone economists is a kind of antiquarianism. There may be much truth in this statement, unless the study of doctrinal history is skillfully handled and directed from a selective point of view with the object of furnishing an adequate background, chiaroscuro, and perspective for the scientific—or the philosophical—picture being painted in the present day. Anyone who essays a history of doctrine, even if, as in the case of Professor Sorokin, he does not go back more than sixty years, must either be on his guard, not only against subjective interpretations, which Professor Sorokin says he has tried to the best of his ability to avoid, but against the useless and scholastic antiquarianism to which overmuch erudition and bibliographical knowledge may commit one, or be content with writing a volume which, however handy it may be for reference purposes, no one will read unless some hard-boiled editor or unimaginative professor requires it.

Let us hasten to say that while Professor Sorokin betrays—he does not parade it—an erudition altogether rare in these days of specialization, especially in America, he does not, to a serious extent, fall into barren antiquarianism.

Coming as it does on top of a succession of recent books about books

in the field of sociology, Professor Sorokin's thick volume needs a definite brief of its *raison d'être*. In the absence of such a brief, not even the author's extensive contributions and international reputation would absolve him from suspicion of marking time, however learnedly. Anticipating some such demand, he is ready with a brief, and it is satisfactory. There is no "single book which gives a concise survey of all the principal sociological theories of the period mentioned." (Incidentally the same is true in economics.) "Some approximate knowledge of the general situation in contemporary sociology" (which is made to include H. C. Carey, Le Play, and Gobineau) is necessary, else the uninformed scholar might devote his energies "to the discovery of a new sociological America after it was discovered [and we might add, abandoned] long ago." Finally, Professor Sorokin holds, the urgent task is to separate what is valid from what is false in the multitude of various and contradictory systems. Doubtless someone has to attempt this task, although it is a thankless one. "True and false" is a bald classification. Judgments of truth or falsity in philosophy are sure to have some subjective bias and therefore not to carry entire conviction, except to uncritical minds that bend the knee to authority. Professor Sorokin has made as objective a critique as is probably humanly possible. His presentation is remarkably clear, for the most part well balanced in the space he gives to respective writers (though one may demur at the disproportionate amount of space given to Le Play, Gobineau, and Adolphe Coste), extremely well documented, readable, and marked by an astonishing breadth of erudition. The book is in excellent temper, urbane, judicious, and critical. Professor Sorokin manages to find something good in nearly all the schools and approaches. Rarely does he reject *in toto*. The reader at times may wish that he would hit a little harder.

Sociology appears to be a blanket large enough to cover a very wide range of thought and research. The mechanistic, geographical, biological, anthropo-racial, demographic, "sociologistic," psychological, and psycho-sociological schools are dealt with. Not only sociologists but social scientists in other fields will find the book informing and valuable. Students of population and social selection, in particular, will find it worth while to consult. It cannot fail to remain for a long time a valuable reference work. It is not a book to be read straight through. Some notion of its scope may be had from the fact that the index of writers whose works are cited includes upwards of twelve hundred names. A few, but surprisingly few, errors have crept into citations in the elaborate footnotes.

A. B. Wolfe

Ohio State University

NEW BOOKS

ANTONELLI, E. *Traité d'économie politique.* (Paris: F. Alcan. 1928. 35 fr.)

BOUSQUET, G. H. *Cours d'économie pure.* (Paris: Rivière. 1928. Pp. 165. 20 fr.)

——————. *Vilfredo Pareto: sa vie et son oeuvre.* (Paris: Payot. 1928. Pp. 230. 20 fr.)

A short account of the life of Pareto and a longer account of his writings. The author emphasizes his force as a critic not only of socialistic ideas but of all examples of loose thinking and of the fallacies implied in words. His was an intensely practical mind. What he did for economics was founded on the theory of Walras but he expanded it to wider regions. His *Traité de Sociologie* is a valuable contribution to the subject.

CARVER, T. N. and LESTER, H. W. *This economic world and how it may be improved.* (Chicago and New York: Shaw. 1928. Pp. vi, 432. $4.)

This volume is a series of vividly written essays on current economic and social problems, prefaced by a dramatic, perhaps melodramatic, presentation of some first principles. It restates, in popular style and journalistic manner, the "liberalism" of which Professor Carver is so staunch an advocate.

Not unmindful of certain deficiencies in our existing industrial system, Messrs. Carver and Lester point out that certain reforms are necessary and possible, especially with regard to the distribution of income. But these reforms, they contend, must remain within the confines of the present system. Furthermore, they say that these reforms should and must come about by the application of sound economic principles, such as the concept of an equilibrium price on the market, a concept which is said to furnish "the economist with a key to reform comparable to that which the balance of power furnishes the diplomatist, or the balance of nature the biologist" (p. 45). Indeed, their objection to many reformers is that they ignore pertinent economic truths.

The authors are especially opposed to authoritarianism. Yet they temper theory with what appears to them to be common sense. They approve prohibition on the ground of economic efficiency, and point out the value of the restriction of immigration in increasing wages. To them, "the technology of reform consists largely in discovering hindrances to the free flow of human energy into the different economic channels through which human energy can be applied to industry. Far from being a *laissez faire* policy, this requires positive action on the part of the state or positive social control of one kind or another. Unlike many schemes of social reform, however, it is satisfied with the removal of hindrances and then relies upon economic forces after the hindrances are removed to effect an automatic cure of the inequalities that previously existed. In this respect only does this policy resemble what used to be called *laissez faire.*"

Professor Carver discusses (ch. 12) the remarkable industrial progress which this country has made in the last fifty years, and in several places, also, the promise which the future seems to hold of even greater things. He predicts that the next stage in economic progress, the one which lies

immediately ahead, will be that in which the wages of the mass of manual workers will be raised to a level which will give not only comfort and decency but some degree of culture as well. In more general terms, it will be the stage in which those who follow one occupation will become, on the average, approximately as prosperous as those who follow another. After this is achieved it may be that the next problem will be that of equalizing prosperity among different persons in the same occupation, or of eliminating the individual failures in an occupation which is generally prosperous.

If any country, he says elsewhere (p. 166), "can lay down and enforce, first, the general rule that everyone should prosper in exact proportion as he contributed to the prosperity of the whole, and second, that everyone should have the best possible opportunities for training himself to make his maximum contribution to that general prosperity, two results are absolutely certain to follow. First, there will be a great deal of general prosperity. Second, that general prosperity will be widely diffused among all classes and occupations."

Whether the optimistic point of view taken by the authors is sound and whether their reliance on the automatic working of economic forces is justified, only the future can tell. Meanwhile, like other recent works of Professor Carver, this book will undoubtedly provoke much discussion among conservatives, liberals, and radicals, to use current labels.

Maurice G. Smith

Clark, J. M. and others. *Adam Smith, 1776-1926.* (Chicago: Univ. of Chicago Press. 1928. Pp. ix, 241. $3.)

A collection of addresses delivered at the University of Chicago to commemorate the sesquicentennial of the publication of the *Wealth of Nations.* These include: "The dawn of a science," by J. H. Hollander; "The founder of a school," by J. H. Hollander; "Adam Smith and the currents of history," by J. M. Clark; "Smith's theory of value and distribution," by P. H. Douglas; "Adam Smith and laissez faire," by Jacob Viner; "Adam Smith: moralist and philosopher," by G. R. Morrow; and "The introduction of Adam Smith on the Continent," by Melchior Palyi.

Curtis, R. E. *Economics: principles and interpretation.* (Chicago and New York: Shaw. 1928. Pp. xviii, 877. $4.50.)

Fairchild, F. R. and Compton, R. T. *Economic problems: a book of selected readings.* (New York: Macmillan. 1928. Pp. xi, 610.)

A stimulating and provocative book of readings, from widely scattered sources. The readings average about ten pages each, which is sufficient to give a really fair and intelligible excerpt from each of the various writers. Some of the writers quoted would not not rank high as economists, but as the authors of the book explain: "The student must be led away from his conception as to the infallibility of the printed word. He must come to recognize that a publication may sometimes be, not his friend and guide on the path to knowledge, but an intellectual adversary against which he must match his knowledge and his wit. He must develop the critical attitude toward what he reads."

J. I.

HAYES, H. G. *Our economic system.* Vols. I and II. (New York: Holt. 1928. Pp. xv, 545; xi, 575. $3.)

There is such a variety of textbooks on principles of economics on the market that new texts can hardly be thought of as "filling a long want." Nevertheless, such a work as Professor Hayes offers here will be welcomed by teachers of economics, and will doubtless be ranked with the best texts on the subject. The volumes make little pretense to originality; yet there are original and stimulating passages, and the reasoning is generally acute. The author announces in the preface that his treatment is institutional, that he regards all institutions as changing, thus placing himself with the modernists at the start; yet he shows a reasonable familiarity with classical economics. Professor Hayes holds that distinctions between economic principles and economic problems are "largely invalid." "Every economic problem embodies economic principles, and every principle is a statement of relationships that are part of some problem; and further, economic principles are not distilled out of one portion of economic behavior and then applied to another. The facts in one aspect of economic life may help to an understanding of some other aspect, but every phase of economic life calls for analysis—for a description of the relationships involved."

Professor Hayes deals less with statistics than Edie, and uses relatively less concrete illustrative data than Bye and Hewett in their new *Applied Economics,* or perhaps than Fairchild, Furniss and Buck. Some will perhaps urge that he uses too many hypothetical illustrations and not enough actual illustrations, but this may be said of every textbook in use. He shows very clearly the influence of Professor F. M. Taylor in much of his thought, and in his manner of exposition.

The problem of value is given much space—over 100 pages; and the theory is a combination of the supply and demand theory and the marginal theory. At one point, the author states: "The bushels that are purchased by the marginal buyers . . . . determine the price of all the other bushels." At another point he uses marginal cost of production as the price determination: "The price of any commodity must then at least equal the amount that the marginal producer in that line of work must have in order to induce him to continue in the business." Both statements seem to the reviewer to involve false reasoning; nevertheless, the treatment of value is careful and complete and penetrating.

At the end of each chapter is a list of problems of unusual interest and suggestiveness, and a short list of references; and there is a fairly complete index in the second volume.

JOHN ISE

KEPPEL, A. J. W. *The theory of the cost-price system.* (London: Allen & Unwin. 1928. Pp. 188. 6s.)

KINLOCH, T. F. *Six English economists.* (London: Gee & Co. 1928. Pp. 76. 5s.)

LAURES, J. *The political economy of Juan de Mariana.* (New York: Fordham Univ. Press, 233 Broadway. 1928. Pp. 333. $3.)

MUHS, K. *Anti-Marx: Betrachtungen über den inneren Aufbau der Marxschen Okonomik.* Band I, *Der Produktionsprozess des Kapitals.* (Jena: Fischer. 1927. Pp. xii, 571. Rmk. 32.)

Proudhon, P. J. *Proudhon's solution of the social problem.* Edited by Henry Cohen. (New York: Vanguard Press. 1927. Pp. xvi, 225. 50c.)

This little volume is doubly valuable. It gives us the first English translation of one of Proudhon's most characteristic works, his project for a bank of free credit, and in the appended articles by Charles A. Dana and William B. Greene (both in 1849), it shows how fruitful the soil of America was at this same early period for similar ideas.

Proudhon's theory, first set forth fully in 1848, was briefly as follows. Political revolutions are of no lasting importance. It is the economic structure that matters, and the most important part of that structure is not, as Marx would have it, the processes of production, but rather the processes of "circulation." Where the free exchange of goods, services and tools is in any way hampered, there we may expect trouble and the exploitation of class by class. Now what chiefly hampers the exchange of goods and services today? The interest which has to be paid for every step in the process. And what is the chief ingredient in interest? Not risk, certainly not abstinence, but the cost of production of the precious metals themselves.

Shall we then, says Proudhon, dispense with a material basis for our currency altogether and return to the era of the *assignats?* By no means. Let us stick to a circulation of real commodities, but let it not be gold only that is given such a privilege, but rather all commodities directly. Let our currency consist of bills of exchange, generalized as to time and place. Let us, that is, form a bank, whose notes shall be based upon real transactions, upon warehouse receipts and commercial paper of all sorts, and upon nothing else. Such a bank can well afford to lower its discount rate to one per cent or so, merely enough to cover overhead. Its members will prefer to deal with one another, and presently its influence upon the discount rate outside will be such as to bring idle land and capital into active use and completely transform the lot of the small producer.

Proudhon at first proposed to have this bank operated under the Provisional Government itself; in fact he proposed to have the Bank of France become such an institution. But this was only a passing suggestion, foreign to his basic philosophy of anti-governmentalism. His later and more consistent plan was to have it operated by a non-profit-making mutual association, of which he was presently appointed director. A considerable fund of non-interest-bearing stock had actually been subscribed when Proudhon was thrown into prison for revolutionary propaganda and the whole had to be liquidated.

Proudhon's project differs in interesting respects from Owen's famous labor exchange bank as well as from John Gray's warehouse bank, to say nothing of the early land banks of this country. Proudhon at least started out with some real feeling for making credit expand only with the volume of actual transactions. Yet in the main, his remedy belongs to the same school and springs from similar causes: an era of falling prices and the discomfort, very evident to the independent business man, of a dislocation between potential and effective demand. Proudhon had been in a position to appreciate this, for he was for years master of a failing printing establishment with a heavy burden of debt.

The present translation includes passages from several other works of Proudhon that bear upon his project. DOROTHY W. DOUGLAS

SALIN, E. and SOMMER, A. *Friedrich List: das natürliche System der politischen Okonomie.* Band IV. (Berlin: Reimar Hobbing. 1927. Pp. xiv, 643. M. 21.)

This volume initiates the new complete edition of the writings of Frederick List. It presents a noteworthy literary find, namely the long-lost prize essay which List submitted to the French Academy in 1837 on the question: "What facts should a nation consider when it intends to establish free trade or modify its tariff laws, in order to reconcile equitably the interests of national producers and consumers."

Hidden away for nearly a century in the archives of the Academy in Paris, the original manuscript was discovered in 1926 and is here published for the first time. It proves to be not, as was generally believed, merely a sort of prolegomenon to List's well known National System, but a good-sized, distinct treatise, of intrinsic value, covering 320 closely written folio pages.

List chose to call it *The Natural System of Political Economy,* for he had given particular attention to the theoretical part of his argumentation, so much so that it is to be regarded as the best exposition of his economic theory. In none of his subsequent writings is his theory of economic stages set forth with equal clarity and conciseness. Here alone is it treated as a unit and at length, four chapters being given to it.

Of the 35 chapters comprising the essay, the first 26 embrace a discussion of individual, national and cosmopolitical economy, value, the nation, productive forces in agriculture and commerce, the protective system and free trade. The following 6 deal with the history of the commercial policy of England, France, Germany, Spain, Portugal, Italy, the United States and Russia, while the last 3 sum up the author's conclusions.

The editors have added an elaborate introductory (pp. 1-151) and expository (pp. 555-643) apparatus. The major part of the introduction consists of an analysis and critical evaluation of the positive sources of the Natural System, which include the writings of Charles Dupin, Chaptal, Joseph Droz, Uzlariz and Ulloa, King, Ferrier and Montesquieu. This valuable study traces not only the scientific development of List, but in a broader sense sets forth the genesis and evolution of the ideas which in large measure shaped European as well as American commercial policy a century or more ago, and whose influence extends down to our time.

In order to bring out List's characteristic terminology and rhythmic style to better advantage, the editors have supplemented the original French text with a parallel German translation. Four facsimile pages of the manuscript accompany the newly edited text, which is followed by a copious collection of philological, historical and text-critical notes.

This monumental edition of List's works, of which the present publication is volume IV, will when complete form a series of from eight to ten volumes. It is published under the auspices of the Frederick List Society and the new German Academy, who, as this initial volume indicates, have set a standard of scholarship and technical excellence altogether befitting the classic importance of Frederick List's writings.

WILLIAM NOTZ

TUAN, M. L. *Simonde de Sismondi as an economist.* (New York: Columbia Univ. Press. 1927. Pp. 178. $3.50.)

If a monograph on such a subject as this one fails in accuracy of detail or completeness of exposition, it is a calamity. The job is not likely to be done by another. At best a correction or supplement appears in some journal. When, then, as here, evaluation of life and work is accomplished with a fine sense of proportion and sympathetic but critical scholarship, the treatise is most welcome. It is all the more satisfying in view of the fact that it is what the Germans call a *Rettung,* a restoration of a neglected economist to his rightful place in the history of economic thought.

Sismondi has too frequently either been ignored or dismissed with the term extremist. That he saw clearly the weaknesses in the extreme position of the classical school and yet avoided the other opposite of doctrinaire Utopianism, that his intense sympathy with submerged groups did not becloud his clear, incisive intellect, is convincingly proved in this study. To Sismondi applies what Carlyle once said of Grillparzer, namely that English-speaking people must learn to pronounce his name.

After reviewing briefly the life of Sismondi and particularly the developments that led to his nonconformist attitude in contrast with the classicists, Tuan, in Chapters 2 and 3, analyzes Sismondi's work as critic and his theoretical conceptions. His clear perception of the evils inherent in the dawning age of machinery brings him into sharp conflict with the theory of self-interest, and brings into relief his conception of economics as the 'science of beneficence" and that it "should bear a closer resemblance to the science of morals and politics than to that of mathematics." His pleas for birth-control, labor insurance, progressive taxation, for laws regulating hours of labor, and for public enlightenment through statistics to avoid the evils of over-production, reveal how modern this early economist was.

The work concludes with a chapter on the influence of Sismondi on his followers, Villeneuve-Bargemont, Droz, and Buret.

The four page bibliography is comprehensive. On page 49, line 1, the word "no" should be inserted after "has."

WALTER E. ROLOFF

VIRGILII, F. *Adamo Smith.* (Milan: Edizione Athena. 1928. L. 5.)

VLEUGELS, W. *Das Ende der Grenznutzentheorie? Eine Auseinandersetzung mit Franz Oppenheimer.* (Stuttgart: C. Poeschel. 1925.)

After almost fifty years of marginalism in economic theory, Franz Oppenheimer has tried, in a voluminous system that embraces all of sociology, political science and economics, to return to the objective theory of value and to restate it in new form. No wonder that his work has called forth wide attention, not the least owing to the brilliant and vivid manner with which it is presented. But also no wonder that a complete and careful critique of this attempt was wanted. This has been given by Dr. Vleugels in the present little book. The author deals with Oppenheimer's critique of the Austrian school and tries to show that these criticisms, as well as Oppenheimer's own positive solution, can be adequately dealt with, and that without great difficulties. Vleugels bases his argument on Böhm-Bawerk and Wieser, and step

by step refutes Oppenheimer's theses one after the other, trying to show that modern theory—it need not necessarily be the specific form of the Austrian school—gives an explanation of the empirical economic phenomena far superior to the doubtful constructions of Oppenheimer. Furthermore, this book is a sample of just how a scientific discussion should be developed, doing full justice to the counterpart. The book is extremely well written and will be found delightful literature by any serious student of economic theory.

Oskar Morgenstern

Waite, W. C. *Economics of consumption.* (New York: McGraw-Hill. 1928. Pp. xii, 263. $3.)

Economic History and Geography

Industrial and Commercial Correspondence of Alexander Hamilton, Anticipating His Report on Manufactures. Edited by Arthur H. Cole. (Chicago: Shaw. 1928. Pp. xxviii, 334.)

This is a worthy volume with which to inaugurate the series of publications designed by the Business Historical Society, Inc., under whose auspices it is issued. It contains all the extant material collected by Hamilton for his report on manufactures; letters to Hamilton relating to our trade with China and the West Indies (documentary evidence, we may suppose, of that interference with the affairs of other departments so bitterly complained of by Jefferson in a well-known letter to Washington); letters relating to the Society for Establishing Useful Manufactures which sought prematurely to demonstrate the ripeness of the time for production by power-driven machinery; and finally Hamilton's Report on Manufactures preceded by an excellent, though perhaps over-appreciative, essay on the Report by the editor, Dr. A. H. Cole.

While the volume brings to light no new material, it renders available to students everywhere this highly valuable body of correspondence which may very properly be considered "as original data for a broad industrial survey of the United States in 1790-1791." It is at least a sort of first census of manufactures, since no data were collected on that subject for the census of 1790. The question has sometimes been raised in recent months as to what field the new society was to cultivate, how business history was to be distinguished from economic history. So far as this volume can be taken as an answer to such queries, there is not likely to be a wide departure from lines of interest to the student of general economics. In fact the Report and the documents upon which it was based are imbued in a striking way, as should be expected under the circumstances, with the national aspects of the

problem of launching new industries. The book throughout is broadly economic.

It is but natural to suppose that the editor of such a volume should magnify the importance of Hamilton and his "famous" Report in connection with the promotion of manufactures. A critical study of Hamilton's influence in this field remains to be made. When it shall have been made it would not be surprising to find that the influence of the Report has been greatly over-rated, and that much in the Report Hamilton owed to unacknowledged sources. In the absence of such a critical study it does not seem too rash to question Professor Gay's characterization of the Secretary as the "founder of our economic policy," at least so far as manufacturing industries are concerned. Dr. Cole points out the precedents for encouraging industry—those supplied by the mercantile system, the colonial tariffs, the tariffs of the states during the Confederation, and the Federal act of 1789 (not 1790) passed two or three months before the treasury department was created. Congress most naturally and without a suggestion from Hamilton, as far as known, set out on the pathway of protection. It therefore seems doubtful whether it can properly be said that "the Report was epochal, because it gave the first important impetus to that policy of protection which with increasing force has since that time dominated the tariff-making of this country." While the general trend of tariff changes from 1789 to the Second War was mildly protective, there is no indication that this trend was due to the influence of the Report. The legislation of the period was the natural application of long established policies to the obvious needs of nascent industries and the same may be said with even more force of the Act of 1816.

But whatever the facts as to the practical influence of the Report, it is the intellectual feat of "breaking a new path," working "almost without precedent in the field of protectionist theory" that receives Dr. Cole's warmest admiration. The task of collecting the data found in the Report, the setting forth of the advantages of a diversified industry, and the formulation of the reasons for giving encouragement to manufactures was indeed no slight undertaking, and it was weightily, if not brilliantly, performed. It ought to be noted, however, that Hamilton was not working without precedent, as Dr. Cole has pointed out, nor was he working alone; for he had in his Asistant Secretary of the Treasury, Tench Coxe, a student for years of the problems dealt with in the Report, who had as early as 1787 spoken in influential circles on the desirability and feasibility of establishing manufactures of the new sort; who had collected much information about manufactures in the Middle States, especially in his native state of Pennsylvania—informa-

tion which may have supplied that gap in the correspondence remarked by the editor (p. xxiv); and who had in papers published before December, 1791, used much of the factual material and most of the arguments employed more fully by Hamilton in the Report. With a man like Tench Coxe at his elbow, it is not likely that the most efficient Secretary of his time would fail to make use of the industry and talents at his command.

G. O. Virtue

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Russian Economic Development since the Revolution. By Maurice Dobb. (New York: Dutton. 1928. Pp. xii, 415. $5.00.)

In an earlier essay, the author of the volume under review declared it the duty of the economist to deprive the political protagonist of the freedom he enjoyed, in the absence of any sound theory of the entrepreneur function, to spin strange theories of his own. He found fault with the available analysis of the theoretical economist because it did not bridge over to the actual world of business and particularly because it assumed the economic fiction of a state of classless individualism. In order to correct this fault he himself contributed *Capitalistic Enterprise and Social Progress* (London, 1925). His emphasis throughout this brilliant piece of writing was upon the dependence of economic relations on the institutions of a class society. The reader of the present volume can have little doubt of the zest with which he undertook the study of recent Russian history. Its themes lay directly across the paths his mind was traveling.

Mr. Dobb urges the necessity of more boldness in interpreting the materials of contemporary history in order that its lessons may be learned before it is too late to profit by them. His own method is a simultaneous chronicling of events and bringing to bear upon them the tenets of his economic thought. For instance, his treatment of the transition to the New Economic Policy is immediately followed by an excursus on *Money and economic accounting* which might have been prepared as part of a general treatise, as might another on *Trade between industry and peasant agriculture as a special case of exchange between "non-competing groups."* It is easy to hear the Cambridge don pausing every page or so to rehearse the theory which applies. He does not forget the self-imposed stricture which required the fusing of deeds and doctrine.

The industrial development of Russia in the last decade is etched in with skill which insures the permanent value of the account. The

author has reached back far behind the October Revolution for much of the explanation and has thrown the picture against the political background without which it cannot be understood. The story of the first eight months makes clear the pressure of political issues which was then so great as to prevent consideration of the economic. Consequently chaos reigned in the "half-way house to nationalization." No industry was completely nationalized before May of 1918, but capital was "encircled." "In economics, as well as in politics and military affairs, things had their beginnings in a state of guerilla warfare." The "showers of decrees" and "floods of regulations" issued by central organs did little but harass those in charge of industrial enterprises. When full-fledged "war communism" succeeded in centralizing production and in introducing a system of state-organized barter and requisitioning, economic decline was only hastened. This decline, anticipated by the leaders, reached the point where recovery was just barely possible. The turning point has seldom been treated with fuller realization of the dramatic character of the last effort possible by an exhausted people, the success of which depended wholly upon how it was directed.

The beginnings of reconstruction, the creation of state trusts and syndicates, the new rôles for the trade unions and the coöperatives, are all described with illuminating reference to contrasts in the reconstruction programs of other countries. His strong interest in political rôles and arrangements accounts for the failure to give sufficient emphasis to the vastly important economic functions carried on by the trade unions and the coöperatives in Russia to-day. It also accounts in part for the liveliness of the descriptions which brighten his pages with authentic and colorful reports of the eye-witness who had tramped the streets of Moscow and Leningrad and recognized their peculiar tang.

Mr. Dodd finds in the leadership of Lenin just that ability to think clearly and to act realistically which he had earlier pointed out as necessary for social progress. Lenin never dealt with particular economic problems in isolation but always with the political issue of class power in sight. With him "the question of how much should be nationalized and how quickly it should be done was essentially bound up with the political prospect of the morrow of October. English theory has always tended to answer such a question from a strictly economic point of view, often answering it quite separately for each industry in strange contempt for the principle of composition." Expropriation was first undertaken not to secure the advantages of planned production. Indeed, technical considerations often "set the

limit" to expropriation which would otherwise have been carried on indefinitely in order to break the power of the bourgeois class. Similarly, distribution of the land, from an economic point of view, was known to be a retrograde step but it was taken, nevertheless, in order to secure the support or at least the passive acquiescence of the peasants. Lenin's reluctance to making plans too far ahead was coupled with his insistence upon "flexibility in the face of changing conditions." While his contemporaries were concerned with some particular form of communism, he was searching for a new social equilibrium.

There are found both favorable and unfavorable factors affecting Russia's further economic progress. The fact that the crises which the country has endured have been shortlived is seen to be a sign of promise and the policy of continued price reduction with expanded output is described as a device to insure effective control. The absence of stoppages caused by industrial disputes, the trade union policy aimed at increased output, and the elimination of luxury production are all listed as advantages. On the other hand, the country is seen still struggling with a weak and insufficient managerial personnel, checks and controls put on the technicians are found to be serious hindrances, and the still top-heavy, over-centralized administration of industry is described as limiting production. These, however, are all factors which, it may be reasonably hoped, will change favorably with time. More important is the comparatively slow rate for the accumulation of capital. Foreign trade depends on the stability of the chevronitz and any depreciation would seriously discourage peasant saving. If the attempt to introduce modern agricultural methods should meet with real success and the standard of living of the peasant should rise, general progress would be assured.

An examination of the official estimates of production leads Mr. Dobb to doubt the possibility of the predicted doubling by 1930. "One who wishes for a thoroughly safe calculation will probably choose a figure of about 8-9 per cent as the usual rate of industrial advance over the next few years."

Amy Hewes

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NEW BOOKS

Banerjea, P. *Indian finance in the days of the company.* (New York: Macmillan. 1928. Pp. x, 392. $5.)

Belluzzo, G. *Economia fascista.* (Rome: Libreria del Littorio. 1928. Pp. 264.)

Bowden, W. *The Industrial Revolution.* (New York: F. S. Crofts. 1928. Pp. 89. 65c.)

CARR-SAUNDERS, A. M. and JONES, D. C. *A survey of the social structure of England and Wales as illustrated by statistics.* (London and New York: Oxford Univ. Press. 1927. Pp. xvii, 246. 10s.)

This statistical survey of the economic and social problems of England and Wales (1911-1926) will stimulate interest in the applications of statistics by its judicious discussion of outstanding social questions in the light of the best quantitative materials available. The primary materials of the English census on population, occupations, and industry are supplemented by the results of private studies and the records of various administrative boards and commissions covering national income and wealth, education, poverty, social legislation, and crime. The published material is cogently summarized in tables that are disarmingly simple and provided with comment and description of unusual quality. The statistics are made a means of reaching important judgments, and are never allowed to become an end in themselves.

The more usual topics are handled with freshness and distinction, but the light thrown upon the larger social problems will be more impressive to the general reader not already interested in statistics. Notable in this respect are the comments on the concepts of class and class structure. After describing the categories suggested in Booth's survey of London and by the Registrar General, the authors continue: "There is no longer any recognizable 'upper' class, and as to the middle class it never was anything more than a heterogeneous assemblage of very diverse and non-cohesive elements. At the present day the wage-earning element of the employed group does, it is true, exhibit a certain degree of cohesion. . . . . But it is misleading to speak of class divisions and class distinctions today, because no other similar groups exist" (p.71). There is further discussion of the problem under education and in connection with the conditions of entrance into occupations. It is held that the educational opportunities of the well-to-do are distinctly superior to those open to the rest of the community; but substantial numbers move into the managerial group from the wage-earners, and there is so much movement over all the supposed lines of social demarcation that the concept of non-competing class groups is not tenable. The discussion of inborn capacities also points towards an intermediate view on matters of capacity and class.

On wealth and income the studies of Stamp and Bowley are summarized with modifications. There is some diminution in the number and amount of very large incomes. Review of the figures of Bowley and Rowntree on poverty shows that the proportion of persons below the poverty line is diminishing. Post-war criminal statistics show a diminution in crimes of violence but considerable increases in fraud and theft; a net reduction, however, in the number of indictable offenses. Despite the severity of post-war readjustments, general conditions seem to be better rather than worse for the lower and middle income groups.

ABBOTT PAYSON USHER

CONDLIFFE, J. B., editor. *Problems of the Pacific. Proceedings of the Second Conference of the Institute of Pacific Relations, Honolulu, Hawaii, July 15-29, 1927.* (Chicago: Univ. of Chicago Press. 1928. Pp. xiii, 630. $3.)

DEFOE, D. *A plan of the English commerce.* Reprint. (Oxford: Basil Blackwell. 1928. 6s. 6d.)

DEXTER, P. and SEDGWICK, J. H. *The war debts: an American view.* (New York: Macmillan. 1928. Pp. 180. $1.50.)

DIETZ, F. C. *A political and social history of England.* (New York: Macmillan. 1927. Pp. xx, 772. $4.)

This substantial and thought-provoking volume expresses most happily the recent tendencies toward an extension of interest to phases of history that were long regarded as highly specialized and suitable only to advanced instruction. The largest additions come from economic history; but much more attention is given to constitutional history than was formerly common in general texts. In some instances these new interests require sustained statement in long passages or even in specific chapters, but for the most part these new interests have become an integral part of the historical narrative. History is still largely identified with politics, as in Seeley's mind, but there is a keen consciousness that economic privileges are the "stakes" of domestic politics no less than of diplomacy and foreign affairs. Furthermore, the state is no longer treated as if it were an end in itself, but only as a means of promoting the welfare of society as a whole. The "romantic nationalism" of the nineteenth century, thus, becomes a somewhat external feature of historical development; and many judgments of men and of events are correspondingly revised.

Constitutional development is significantly sketched. The very brief treatment of the period before 1485 (100 pages) is primarily concerned with showing the relation of Magna Carta and the privileges of Parliament to feudal institutions and the rather special features of the position of the King of England. There is a careful statement of the doctrine of the divine right of kings as conceived by the philosophers of the Commonweal, and later a good sketch of the development of cabinet government in the eighteenth century. The growth of the empire is treated with keen discrimination between official and unofficial action.

Sound judgment is shown in the handling of the larger economic problems. The treatment of mercantilism is perhaps somewhat commonplace, though by no means unsound. The chapters on the Industrial Revolution and the development of nineteenth century legislation under the police power are extremely well done, and show a thorough appreciation of the best and most recent literature. The rise of the free trade policy and the episode of the corn laws is dominated by the biographies of Bright and Cobden. The work of Huskisson and Peel is recognized, though hardly given the place it deserves. But even here the political complexities of the period are more explicitly stated than in many works of larger compass.

The space for the satisfaction of these new interests is secured by the complete elimination of military and naval history. The outstanding events of the various wars are duly chronicled; diplomatic problems of each epsiode are carefully stated; but there is no description of campaigns, battles, or naval engagements. In many ways, this mode of treatment produces a better balanced volume than the older texts with long passages devoted to the details of military history; and, as there is no implied depreciation of the importance of such detail, the various

aspects of history are more justly valued than in the older type of text.

Abbott Payson Usher

Epstein, M., editor. *The statesman's year-book: statistical and historical annual of the states of the world for the year 1928.* (New York: Macmillan. 1928. Pp. 1574. $7.50.)

Fauteux, J. N. *Essai sur l'industrie au Canada sous le régime français.* Vols. I and II. (Quebec. Proulx. 1927. Pp. xx, 281; 290.)

The publication of these volumes makes available to the general student practically all of the material on industries in the French régime to be found in the *Correspondence Générale* (C. 11. A. Series) in the Canadian archives as well as in other primary sources. The material has been divided as to subjects, including mines (especially the St. Maurice forges), construction, forests (shipbuilding, tar and potash), food, farming, fisheries and minor industries, each subject being treated chronologically. From the evidence certain conclusions are suggested.

In the first place the mercantile policy, although it suppressed the textile industries and the hat-making industry in New France, favored the industrial growth of the territory in its support of shipbuilding and the St. Maurice forges. The great climax of industry was directly the result of the mercantile policy. The slow growth of industry is shown to be the result of other factors. As a result of geography, transportation of the finished product to the French market was limited. Long voyages, wrecks and losses from pillage by the English, and the inadequacy of the boats for handling certain commodities, as in the case of masts, were serious handicaps. The technical organization grew up slowly because of the difficulty of securing trained men from France and in spite of the contributions of the army in supplying skilled men. Heavy capital necessary to finance a slow turnover incidental to seasonal navigation and the long voyages, was not available. Capitalistic organization was limited to partnerships which were broken up through death and disagreements. Misguided enthusiasts and the uncertain policy of the various governments were responsible for a waste of capital resources. But in spite of these handicaps, local industries, the sawmills, gristmills and tanneries flourished and supported the pronounced industrial growth incidental to the development of shipbuilding and the St. Maurice forges.

H. A. I.

Fay, C. R. *Great Britain from Adam Smith to the present day.* (New York: Longmans Green. 1928. Pp. xii, 458. $3.75.)

Flügel, F. *Readings in English economic history.* (Berkeley: University of California Press. 1927. Pp. 222. $1.25.)

This collection of documentary materials is massed around the regulative problems created by the development of the factory system. The extracts are taken from the parliamentary inquiries of the early nineteenth century and from the statutes, the latter predominating. In addition to these materials there are substantial extracts from earlier sources: from the "Statute of Apprentices" under the somewhat misleading title, "Statute of Laborers;" from the leading statutes on the Poor laws from 1547 to 1722; from the Bill against Usury of 1551-2 and from the statutes of 1571 and 1623-4; and from the Enclosure acts of 1801 and 1845.

The material is designed to furnish supplementary reading for class work; but though the extracts are all significant, there are difficulties in the way of applying such methods of instruction to economic history in its present condition. The most careful student could scarcely achieve an independent judgment of the issues involved from so small a body of material; and upon such issues as the poor laws and usury the statutes would scarcely yield much meaning without extensive reading in secondary literature. A selection of documents would be more nearly self-contained if descriptive material were given a larger place, and excerpts from the statutes reduced to a minimum. The parliamentary inquiries contain an abundance of material which is not only interesting, but vividly indicative of the full range of economic problems with which the editor is concerned.

A. P. U.

GETTELL, R. G. *History of American political thought.* (New York: Century. 1928. Pp. ix, 633. $4.)

GUGGISBERG, F. G. *The Gold Coast. A review of the events of 1920-1926 and the prospects of 1927-1928.* (Accra: Govt. Printing Works. 1927. Pp. 348.)

HARMS, B. *Strukturwandlungen der deutschen Volkswirtschaft. Vorlesungen gehalten während des Herbst-Lehrganges 1927 der Deutschen Vereinigung für Staatswissenschaftliche Fortbildung.* Vols. I and II. (Berlin: Reimar Hobbing. 1928. Pp. 500, 449.)

A collection of 39 lectures, comprising the autumn course, 1927, of the German Association for the Advancement of Political Science, on the general theme: "Structural changes in the economic life of Germany," and arranged as follows: (1) General structural changes; (2) Agriculture; (3) Industry; (4) Wage earners; (5) Trades; (6) Industry; (7) Commerce; (8) Money market; (9) Public finance; (10) Literature. Among the contributors are: Harms, "The new Germany within the new Europe"; Aereboe, "General Survey of the present condition of German agriculture"; Schumpeter, "The entrepreneur in present-day economy"; Eulenburg, Hirsch, Beckerath, Trendelenburg and other well-known scholars.

W. F. N.

HEATON, H. *A history of trade and commerce with special reference to Canada.* (Toronto. Thomas Nelson. 1928. Pp. xii, 334.)

This little volume has been prepared especially to meet the needs of the secondary schools of Canada in which a course on commercial history is required. The book thus contains a short sketch of the economic history of the United States (35 pages), and three chapters on the economic development of Canada (100 pages). There are chapters on commerce in antiquity, on the economic history of the Middle Ages, on the period of the discoveries, and two chapters on the industrial, agricultural, and commercial revolutions of the eighteenth and nineteenth centuries. There are several useful maps and many well selected illustrations. The emphasis upon commerce and marketing is unusual in texts of this compass and indicates interests and points of view which we will hope to see developed on a larger scale. The special circumstances which led to the preparation of the volume will necessarily restrict its usefulness for

other classes, though the sketch of Canadian development will be of interest to many mature readers.

A. P. U.

Heneker, D. A. *The seigniorial régime in Canada.* (Quebec: Proulx. 1927. Pp. 447.)

This volume is a survey of the seigniorial régime beginning with a description of the feudal background in France and tracing the various changes throughout the French régime and prior to its abolition in 1854. The volume supplements in some cases the work of Professor W. B. Munro in this field in its discussion of minor points; and it is especially valuable because of the inclusion of a large number of illustrative documents. There is neither index nor bibliography.

H. A. I.

Jennings, W. W. *American economic history.* (New York: Crowell. 1928. Pp. xii, 546. $3.)

The author has adopted the topical method of treatment. Thus, instead of organizing the material by groups of related industries, or by periods, he presents a continuous account of each important division of American industry from colonial times to the present. What the book has lost in unity by this method it has more than made up in interest and in continuity of subject matter. Obviously, it has been necessary for Professor Jennings to select and emphasize certain subjects and to subordinate others. He has succeeded in eliminating much of the material of lesser importance contained in the ordinary textbook on economic history; but the conspicuous matters of American development are not only presented with adequate fullness, but with proper appreciation of their significance. Since the chief purpose of the book is to reach the beginner in economic history, and to serve the uses of the busy business man, the material has been greatly simplified. While the volume is amply supplied with tables and charts, the statistical matter has been kept in the background. Such charts and tables as the book contains are used chiefly as summaries, or as matter illustrating the text. The presentation of technical matter has also been simplified. Thus, the treatment of such subjects as money, banking, tariff, transportation and trust problems not only runs easily, but interestingly. The reader does not stumble over a mass of detail which makes slow and careful perusal necessary. The method of treatment is not only descriptive, but explanatory, and thus the reader gets out of the volume not only the What, but the Why.

The earlier chapters begin at the customary starting point, namely, with a discussion of exploration and settlement, and with territorial expansion. But only about fifty pages are devoted to these subjects. It is something of a delight for the reader to find that colonial development is given only brief treatment. The author's method is to study such material very briefly as an introduction to each of his major topics. Thus colonial history, and this is true to a large extent of the period immediately following the War of the Revolution, receives only brief study. The purpose seems to be to show what economic life is today, and the history prior to 1860 is introduced to show present industry in the process of becoming. Some of the major topics are related to agriculture, manufactures, transportation, and commerce, both domestic and

foreign. A discussion of industrial policy is scattered in appropriate places throughout the volume. But the author concentrates much of his discussion of policy in chapters devoted to tariff, big business, money, banking, and commerce. The typography and chart work add both to the appearance and to the interest of the volume.

I. Lippincott

Jones, E. J. *Some contributions to the economic history of Wales.* (London: P. S. King. 1928. Pp. 197.)

The author modestly disclaims any purpose of writing an economic history of Wales, but this small volume affords a surprisingly complete survey of the primary features of the economic development of this distinctive region. The early history of Wales is largely concerned with agriculture and the textile industry. Welsh agriculture retained its medieval features until a late date, for the enclosure movement made little headway until the nineteenth century. The peasant farmer supplemented his income by the weaving of coarse woolens for which the women and children prepared the yarn. The drapers of Shrewsbury secured a large measure of monopoly power over the marketing of the Welsh cloth and the attempts to break their power constitute an interesting incident in economic history.

Coal and iron, though worked on a small scale from an early date, did not become a large factor in the prosperity of the region until the important work of the Darbys in applying the process of sand casting to iron and in developing a technique for using coke as fuel in the iron trade. The eighteenth century is thus dominated by the rise of the iron industry, with the non-ferrous metals playing a subordinate but not unimportant rôle. For rather more than a century, the Welsh iron masters made notable contributions to the history and development of the metal trades. Increasing dependence upon foreign ores in the later period checked the expansion of these metal trades, though they remained important. The mineral industries become more largely concerned with the development of the export trade in coal. Canal and railroad building fostered and directed this growth. The significance of the growth of the transport system would be more adequately appreciated if maps had been provided showing the primary stages in the development.

The most notable portion of the book is the group of four chapters devoted to labor problems and social unrest. Although dealing with some of the worst phases of the labor problem of the early nineteenth century the narrative is free from intrusions of sentiment or radical theory. The description is more impressive than the highly colored chapters of Webb and the Hammonds, and, although no special conclusion is suggested, the tragic misjudgments of the various parties to the struggle stand forth in their stark reality. The Welsh episode does not appear very conspicuously in the histories of Chartism, so that chapter is especially welcome. The story is well told from the accounts in the local news sheets of the radicals.

Abbott Payson Usher

Keller, A. G. and Bishop, A. L. *Commercial and industrial geography.* Rev. ed. (Boston: Ginn. 1928. Pp. v, 357. $1.28.)

KNIGHT, M. M., BARNES, H. E. and FLÜGEL, F. *Economic history of Europe in modern times.* (Boston: Houghton Mifflin. 1928. Pp. vii, 808. $3.75.)

This is the continuation of a volume on the Middle Ages under the sole authorship of Professor Knight, who has borne the brunt of the final work of revision of the present text. It is a worthy conclusion of the earlier study, possessing qualities of distinction that will give it wide appeal. The emphasis is upon interpretation rather than upon annals, so that a wide public will be served, not only the students in a large range of college courses but many general readers in need of a comprehensive survey. The conclusicns of the best literature of the last twenty years have been skillfully summarized. The French influences that were so conspicuous in the volume on the Middle Ages are still in evidence; but socialistic literature and the best writing in English and German has been used to such an extent that no single influence stands out commandingly. There is perhaps some loss of unity of outlook; but the problems of the period are too varied to admit of minute consistency of presentation within such brief compass.

The narrative begins with the great discoveries and continues to about 1926. The point of view is forward looking to an unusual degree, and the scale of treatment expands steadily as the narrative proceeds. The earlier periods are briefly, but on the whole adequately, treated under the topics: the Commercial Revolution; the rise of modern capitalism; the Industrial Revolution; the factory system. These matters are handled with good judgment. The broad phrases are used as a means of dramatizing the narrative, but the dangers of faulty generalization are clearly apprehended and avoided. The rise of capitalism is sketched in all its aspects: the development of business enterprise, the influence of religious thought upon the other-wordly ideals of the Middle Ages, the rise of industrial capitalism in its more intense forms. The Industrial Revolution is conceived as the change or changes which result in the dominance of business enterprise by industry rather than commerce. It is presented as a complex movement general to Europe and America, covering roughly the period 1750-1850. Significant differences in the chronology of the movement in the different countries are, however, specifically pointed out.

The most substantial part of the volume is the sketch of the development of industry, agriculture, and commerce in England, France, and Germany from 1800 to 1926. Nominally there is some duplication of statement, as earlier chapters deal with the first half of the century, but in fact there is no repetition. The magnitude of recent changes has led the authors to subordinate the nineteenth century to the first quarter of the present century. The extremely difficult problems of the recent period are treated with unusual judgment and with a sympathy that could be attained only by the direct personal knowledge acquired by extended travel in Europe. There is nothing now in print that covers this ground with such competence. The volume is completed by a survey of the other European countries, including a substantial chapter on Russia.

ABBOTT PAYSON USHER

——————. *Economic history of Europe, complete.* (Boston: Houghton Mifflin. 1928. Pp. ix, 813. $4.50.)

KULISCHER, J. *Allgemeine Wirtschaftsgeschichte des Mittelalters und der Neuzeit.*. Band I, *Das Mittelalter.* (Berlin: R. Oldenbourg. 1928. Pp. 361. M.16.)

LEVY, H. *Der Wirtschaftsliberalismus in England.* 2nd enl. ed. (Jena: Fischer. 1928. Pp. viii, 188. Rmk. 7.50.)

MACKENZIE, C. *Alexander Graham Bell: the man who contracted space.* (Boston: Houghton Mifflin. Pp. 395. $5.)

MARCU, V. *Lenin.* Translated by E. W. DICKES. (New York: Macmillan. 1928. Pp. 412. $5.)

MILLER, A. *Essai sur l'histoire des institutions agraires de la Russie Centrale du XVI au XVIII siècles.* (Paris: Marcel Giard. 1926. Pp. viii, 380.)

MONTEUX, B. and VAYRE, J. *La restauration financière.* (Paris: Marcel Giard. 1928. Pp. 171. 12 fr.)

OUDIETTE, X. *Le plan Dawes et les reparations en nature.* (Paris: Presses Universitaires de France. 1927. Pp. 242. 25 fr.)

The deliveries in kind began as a form of relief to the devastated areas, "reparation" in the original sense of the word. The term also covered the purchases on behalf of the creditor countries of large quantities of raw materials in Germany to be charged to the reparations account, and the last—and perhaps most important—phase consists in the execution of large public works projects in the Allied countries and their colonies, with the aid of German goods.

This form of receiving the German payments was envisaged as early as 1922, by Le Troquer, at that time Minister of Public Works; an acceptable form was given to the idea in 1925 by Sir Josiah Stamp in his *Report* and subsequent speech to the International Chamber of Commerce; and the French Parliament has recently authorized large and substantial expenditures for the execution of several of these projects, amongst them important electrification enterprises, a railroad system in Indo-China and an elaborate project for a Trans-Saharan railway. In this way some of Germany's creditors—especially France and Belgium—hope to receive payments from Germany, in spite of the fact that German exports are not increasing sufficiently to take care of the payments in a normal manner, which is, of course, largely due to the unfavorable tariff policies of Germany's competitors. England has made the situation even more difficult for its Allies through the fact that it exploits its larger direct trade with Germany for the collection of its share in the reparation payments through the Reparation Recovery act. As the payments received in this manner—even as modified under agreement with the Agent General—are necessarily in *cash,* it makes such a collection by the other creditors even more difficult, and hence almost imposes these schemes for the creation of a more or less artificial demand for German goods, which will allow the other Allies to collect at least a part of their claims.

M. Oudiette has failed to bring out the important bearing of this phase of the evolution of the reparation problem upon the connected question of the Inter-Allied debts.

More than one-half of the funds which the Allies are receiving from Germany will ultimately arrive in the United States treasury in payment

of the Inter-Allied debts, and it has been assumed that such a transfer by England, France, Belgium, Italy, etc., would be a fairly simple matter. For England which received almost all of its reparations in cash, it is indeed a simple transaction; for the other creditors and especially for the largest one, France, this problem becomes a very different one through the fact that its receipts from Germany will be "frozen" in the form of railroads, plant improvement, electrification works, etc., which the French government has to *assist* in financing (installation expenditures) and which therefore not only fail to bring direct relief to the French Treasury, but actually appear as a debit during the years of execution.

Some French observers have already remarked that if the United States government is prepared to go as far as the French government in its "willingness to receive payment" and would consequently undertake to find markets in the United States for the placing of large shipments of French goods in one form or another, there would be very little difficulty indeed in ratifying the debt settlement. Whatever the merits of the controversy, the advent of these so-called "assisted schemes" is obviously introducing a new factor in the problem, which might well modify the existing agreements.

M. Oudiette's study is well documented, it contains a description of the various agreements as to the deliveries in kind, which has not up to now appeared anywhere in a systematic and clear way and which has become necessary for a clear understanding of the problem as a whole, especially as the experts made very little mention of the matter in their *Report*. It seems regrettable that so few English and especially German sources should have been consulted. A rather considerable German literature on special phases of the problem exists, although it is distributed over a large number of periodicals, and M. Oudiette's study would have gained in perspective if it had been consulted.

Harry D. Gideonse

Peel, G. *The economic impact of America.* (London: Macmillan. 1928. Pp. 331. 10s. 6d.)

Poincaré, R. *La restauration financière de la France.* Discours prononcé à la Chambre des Députés les 3 et 4 février, 1928. (Paris: Payot. 1928. Pp. 170. 20 fr.)

Price, M. P. *The economic problems of Europe, pre-war and after.* (New York: Macmillan. 1928. Pp. 218. $3.50.)

Quaife, M. M., editor. *The Askin papers.* Vol. I, *1747-1795.* (Detroit: Detroit Library Commission. 1928. Pp. 657.)

This volume includes documents and letters relating to John Askin, especially in the period from 1764 to 1780 when he was at Mackinac, and from 1780 to 1795 when he was at Detroit, and previous to the delivery of the Western posts. At Mackinac, Askin was engaged in private trading with the Indians, in acting as commissary for the military department, in contracting supplies for the Northwest Company and other traders, in shipping, and in farming. At Detroit he continued in his various activities and was also concerned with other traders in acquiring land. From the multitude of his interests these documents are of first importance to a study of the economic history of the period. Light is thrown on almost every phase of economic activity—agriculture, land grants, credit extension, the fur trade, contracting wages, financial organi-

zation, political jobbery, and municipal government. Certain conclusions emerge which are of special interest.

In the first place the importance of the merchant as a contractor at Albany to the success of the army and conversely the importance of the army contractor at Mackinac to the revival of trade is suggested.

The organization for forwarding and procuring supplies for the troops was extended directly to support the fur trade to the Northwest. Penetration of traders to the Canadian Northwest was directly facilitated by John Askin who contracted for supplies of corn and grease from Milwaukee, Niagara and Detroit to be delivered at Mackinac, Sault Ste. Marie and Grand Portage. Not only did Askin occupy an important position in relation to the Northwest trade but also in relation to the Mackinac trade and to the Detroit trade. His relations with the base firm of Todd and McGill at Montreal illustrate the general character of the trade and throw some light on the important activities of this early organization. This firm imported goods from England, and later maintained close relations with the English firm of Phyn, Ellice and Inglis and forwarded these goods to traders at Mackinac and Detroit. The heavy debts of internal traders, as in the case of Askin to Todd and McGill, necessitated a careful control over their affairs on the part of the Montreal house. Moreover Todd and McGill were obliged not only to maintain control over various houses but also to keep in direct contact especially with events which would have a political importance. A representative in London kept the internal correspondents in touch as to political activities and advised as to the policies to be pursued. With the Jay treaty they were advised to call in their debts and keep their assets liquid. Moreover these representatives were able to secure army contracts of advantage to correspondents. They were able to advise as to land purchases and with the disappearance of the fur trade, to shift into other business.

The publication of these papers throws an important light on the origins of the structural framework of Canadian business in the important formative period after the Conquest. It is to be hoped that other institutions will follow the lead of the Detroit Public Library in making accessible the letters and documents of important business men.

H. A. I.

REINHOLD, P. P. *The economic, financial and political state of Germany since the war.* Inst. of Politics publication. (New Haven: Yale Univ. 1928. Pp. 134. $2.)

RISTER, C. C. *The southwestern frontier, 1865-1881. A history of the coming of the settlers, Indian depredations and massacres, ranching activities, operations of white desperadoes and thieves, government protection, building of railways, and the disappearance of the frontier.* (Cleveland: Arthur H. Clark. 1928. Pp. 336. $6.)

SÉE, H. *La vie économique de la France sous la monarchie censitaire (1815-48).* (Paris: Alcan. 1928. Pp. 191. 20 fr.)

SHIELDS, B. F. *The evolution of industrial organization.* (New York: Pitman. 1928. Pp. 308. $3.)

STARZYNSKI, S. *The financial situation of Poland in 1927.* (Warsaw: Polish Economist. 1928. Pp. 77.)

THOMAS, W. I. and ZNANIECKI, F. *The Polish peasant in Europe and America.* Vols. I and II. (New York: Knopf. 1927. Pp. xv, 1115; vi, 1133. $15.)

This is a monumental trail-blazing work. If and when as valuable material is collected in the study of other social groups as for instance, the Negro, the Indian, the Mexican, then we shall have the foundation not only for the comparative study of group and individual behavior under changing environment, but a wealth of material will be available for intensive analysis of special problems in economics, sociology, ethnology and ethics.

"Systematization and classification of attitudes and values prevailing in a concrete group" is the essence of this opus. Volume I contains fifty series of nearly eight hundred letters and each series presents a distinct type of situation. This material is all the more valuable because of its naive spontaneity. Group organization and its disintegration and reformation can be studied in these letters with a reliance on their genuineness as perhaps from no other source. These family letters are free from a rationalization which would otherwise make them of far less value. Wherever possible similar materials should be collected from other groups. Poland's history with its conflict of races and institutions presents periods of transition no more significant than does, for instance, the history of the colored race in America. The authors show sound judgment in refraining from the temptation to draw definite conclusions from their observations of special problems such as abnormalities and the relations of sexes.

The introduction (216 pages), containing a succinct account of the social, economic, and religious life of the Polish peasant, is commendable for its full treatment of economic and religious attitudes. The interaction of these attitudes in the determination of standards and values is not clearly defined, but the detailed account, particularly of religious and magical attitudes, is so complete as to make it invaluable for comparative studies. Similar study should be made at the earliest possible moment of the American Indian, and this should reach far back into the findings of the archaeologist. To take a familiar example, the snake dance of the Hopi with its origin in the need for rain would remain a part of the life of these people for years to come even though rain should become plentiful in that arid land. Such a task calls for collaboration as we have it here.

Volume II deals with disorganization and reorganization in Poland and America. The material is drawn from many sources such as newspapers, court records and the publications of coöperative societies and of church parishes. It concludes with a three hundred page "Life record of an immigrant" which for genuineness belongs with the primary sources in volume I. In all these chapters the source material is plentiful.

WALTER E. ROLOFF

TUPLING, G. H. *The economic history of Rossendale.* (Manchester: Univ. Press. New York: Longmans Green. 1927. Pp. xxiv, 274. $8.50.)

This unusual monograph deals with the history of a single Lancashire valley from the time of its organization as a forest in the thirteenth century to the generalization of the factory system about the middle of the last century. We thus pass in review the organization of cattle growing

and hunting in a medieval forest; the transition from extensive pasturage to a mixture of pasturage with arable farming; the gradual enclosure of the forest; the rise of peasant industry as a by-employment; the development of the woolen industry into a primary occupation; the coming of the cotton industry and its gradual rise to predominance in one of the valleys that remained longest faithful to the woolens. The legal status of copyholds became acute here, as elsewhere, under the Stuarts; and the controversy assumed a distinctly special character, because Rossendale had come into the hands of the Crown and was administered as part of the Duchy of Lancaster.

The final chapter on the rise of the factory system contains less new material than any of the others; that phase of the subject presents so few special features that the local history is largely covered in the general histories of the cotton industry and of Lancashire. The chapter on the rise of peasant industry brings out much new material, and affords a most complete study of that type of industry. Few, if any, studies, rival it in detail or vigor of presentation.

The agrarian history of the region is based on a most comprehensive survey of the printed and manuscript sources; and this portion of the monograph has a particular importance because the region is a distinctive soil province and was throughout its history organized in a somewhat special fashion. Both the legal and the economic factors in the history of the region, thus place it in a special category. Field systems, the mechanisms of enclosure, the relative proportion of small to large holdings, all present distinctive features. Apart from the vivid presentation of medieval and early modern agrarian organization, the book has a genuine significance in emphasizing the necessity of recognizing the various soil provinces in generalizations about agrarian history.

ABBOTT PAYSON USHER

VAN DEUSEN, J. G. *Economic bases of disunion in South Carolina.* Studies in hist., econ. and public law, no. 305. (New York: Columbia Univ. Press. 1928. Pp. 360. $6.)

WALDEN, A. T. *A dog-puncher on the Yukon.* (Montreal: Louis Cartier & Co. 1928. Pp. viii, 289.)

An interesting book with valuable references to travel on the Yukon at Circle City, Dawson and Nome in the boom periods after 1896, and to dog transport.

H. A. I.

WILE, F. W., editor. *A century of industrial progress.* (Garden City, N.Y.: Doubleday Doran. 1928. Pp. 606. $5.)

Around the Horn in '49. The journal of the Hartford Union Mining and Trading Company, December, 1848, to September, 1849. (San Francisco: Book Club of Calif. 1928. Pp. 140. $5.)

Bibliografia economica italiana, gennaio-aprile, 1927. Supplement to *Giornali degli Economisti e Revista di Statistica.* (Milan: Ist. di Econ. della Univ. Bocconi. 1927.)

Economic statistics of the Soviet Union. 2nd ed. (New York: Amtorg Trading Corp. 1928. Pp. 96. 15c.)

Piccolo annuario statistico italiano, 1928. (Rome: Soc. Tip. "Castaldi." 1928. Pp. 207.)

Report and proceedings of the World Economic Conference held at Geneva, May 4th to 23rd, 1927. Vols. I and II. (Geneva: League of Nations. 1927. Pp. 246; 250.)

Report on unemployment and business stability in Australia. By the Development and Migration Commission. (Melbourne: H. M. Stationery Office. 1928. Pp. 53.)

Roumania today. (New York: Industries Pub. Co. 1928. Pp. 35.)

Some aspects of the present international situation. Annals, vol. CXXXVIII, no. 227. (Philadelphia: Am. Academy of Pol. and Soc. Science. 1928. Pp. iv, 204. $2.)

The Sweden year-book, 1928. (Stockholm: Almquist & Wiksell. 1928. Pp. iv, 283.)

Year-book of the State of Indiana for the year 1927. (Indianapolis: Burford Printing Co. 1928. Pp. vii, 1293.)

Agriculture, Mining, Forestry, and Fisheries

NEW BOOKS

ANDREWS, A. E., editor. *Christopher C. Andrews, pioneer in forestry conservation in the United States: for sixty years a dominant influence in the public affairs of Minnesota; lawyer; editor; diplomat; general in the Civil War. Recollections, 1829-1922.* (Cleveland: Arthur H. Clark Co. 1928. Pp. 327. $6.)

BAKER, O. E. *Population, food supply, and American agriculture.* Address before the joint session of the Farm Economic Assoc. and the Rural Section of the American Sociological Soc., in Washington, Dec. 29, 1927. (Washington: Supt. Docs. 1928. Pp. 19, mimeographed.)

BALLS, W. L. *Studies of quality in cotton.* (New York: Macmillan. 1928. Pp. xxvii, 376. $6.50.)

BAUMONT, M. *La grosse industrie allemande et le lignite.* (Paris: Doin. 1928. Pp. 157. 18 fr.)

BENNETT, M. K. *Farm cost studies in the United States: their development, applications and limitations.* (Stanford, Calif.: Stanford Univ. Press. 1928. Pp. xv, 289. $3.50.)

CAMERON, J. *The development of governmental forest control in the United States.* Inst. for Govt. Research, studies in admin. (Baltimore: Johns Hopkins Press. 1928. Pp. viii, 471. $3.)

DAVISSON, W. P. *Pooling wheat in Canada.* (Ottawa: Robbins & Magrath. 1927. Pp. 275. $2.50.)

An apostle and a disciple of Aaron Sapiro writing of the Canadian wheat pool with the purpose of inspiring hope in its accomplishments for farmers, suggests the general character of this book. The contents are a somewhat disconnected series of essays. The themes of the various essays vary widely from rural migration treated under the title of "The seed-bed," and a tribute to "Prairie women" to such prosaic subjects as "Volume and control" and "Routes and markets." There is a rather quaint mixture of autobiography, biography, story, commercial geography, economics, fiction, and history in the make-up of the book. One reads such headings as "Memories," "A democracy," "The inquiring farmer," "Neighbours," "Confidence," "Self-determination," "Leadership," and the like and feels sure that something after the order of

Emerson's essays is coming. But the titles, "Administration," "Central sales agency," "The wheat-pit," "Orderly marketing," "Grading problems," and "Volume and control" suggest discourses on business and economic subjects. And so with other titles—they are suggestive of a wide range of topics.

But perhaps the most interesting thing about the book, if exception be made to the actual history of the development of the pool in Canada, is the way in which a wide range of subjects is made to contribute to the purpose in view. As what has already been said suggests, the treatment of subjects is not the analytical one an economist would attempt but more that of the evangelist who wants to win converts. As an example, under the heading, "A presidential message," the author culls from the message of President Coolidge certain arguments against the McNary-Haugen Bill. Immediately following this comes an essay on "Self-determination"—all tending to make the "sturdy independence" of the Canadian pool stand out the more.

If for no other reason than the psychology of the treatment of subject matter, the economist, who is looking for the workings of the human element in current economic reform, will find this book of interest. It exemplifies in no contemptible way how an environment of insecurity and the pressure of economic circumstances harden determination and purpose irrespective of the logic or reason in the situation.

R. M. Green

Gordeef, G. S. *Decline of the landowning farmers in the United States: process of social differentiation.* (Moscow: International Agrarian Institute. 1928. Pp. 242.) Printed in Russian.

Harwood, T. F. *The Coolidge business boom versus the farmer.* (Gonzales, Texas: Author. 1928. Pp. 110. Gratis.)

Holmes, C. L. *Economics of farm organization and management.* (New York: Heath. 1928. Pp. xvi, 422. $2.80.)

Dr. Holmes shows a thorough knowledge of economics and familiarity with the literature in the field as well as an understanding of the business problems of the farmer. When compared with earlier books on farm organization and farm management, this book shows clearly the progress made in recent years in the views of the leaders in the fields as to what the subject comprehends and its relation to the broader subject of agricultural economics. Dr. Holmes uses the language of the economist and bases much of his discussion on economic principles and economic laws. At the same time, the reader has the impression that the work is addressed directly to the economic problems of the farmer as a business man.

The author states that the book is designed for use in an introductory course. Most students in the agricultural colleges will find many more familiar things in it than in the texts usually used when the curriculum calls for an introduction to the entire field of agricultural economics as the first course. At the same time, the student who has mastered this text should have little difficulty in orienting himself in other courses in economics. There is some doubt, however, as to the ease with which the student who has had no previous acquaintance with the subject will grasp many of the concepts presented in the first three chapters. These chapters, with Chapter 4 on types of farming, constitute the introduction to the book. Presumably most of the discussion in these chapters would

have been omitted, had the book been designed for students who already had some training in economics.

The volume exemplifies the tendency to consider the subject of farm organization and management as a part of the broader subject of agricultural economics. This tendency has been reflected in the close coördination of the research in farm organization and management in the United States Department of Agriculture with other research in the Bureau of Agricultural Economics, and in the merging of the teaching, research, and extension work in farm management with the work of the departments of agricultural economics in many of the agricultural colleges.

In Part 3 is found a commendably sharp distinction between farm organization and farm management. Dr. Holmes points out that organization involves making the plans for the business, while management involves carrying out the plans. This distinction should do much to clarify the thinking of all who are interested in the subject. The author deplores the lack of scientific analysis of the management problems of the farmer and states that the development of a scientific farm management by farmers and those who seek to advise them is one of the most important unsolved problems of the agricultural industry.

In view of the important place which farm costs have occupied in the research and extension programs of the agricultural colleges and the United States, Chapter 16 in Part 2 on "The nature of farming costs" should be of especial interest to all research and extension workers in this field. Dr. Holmes shows clearly that the farmer's cost problem, when considered from the standpoint of the entrepreneur, is to determine the best utilization of his resources.

The author concludes, and we agree with him, that when appraised from the standpoint of its usefulness to individual farmers in obtaining better utilization of their resources, much of the investigational work that has been done in this field has "missed the mark." This chapter seems to be addressed as much to the author's fellow workers as to students. It is to be hoped that every research and extension worker in farm organization and farm management will read this chapter carefully. In it is outlined the most promising method yet developed of attacking "the vital problem of planning the production program of the farm."

H. R. Tolley

Hutson, J. B. *Farm budgeting.* U. S. Dept. of Agric., Farmers' bull. no. 1564. (Washington: Supt. Docs. 1928. Pp. 22. 5c.)

Katz, F. J. *Mineral resources of the United States, 1925.* Part I, *Metals.* Part II, *Nonmetals.* (Washington: Supt. Docs. 1928. Pp. xi, 768; vi, 615. $1.25; $1.)

Mason, D. T. *Sustained yield and American forest problems.* Reprint from *Journal of Forestry*, Oct., 1927. (Washington: Society of American Foresters. 1927. Pp. 34.)

The author analyzes the forestry problem, and shows that the broad application of "sustained yield forest management," where economically practicable, will:

(1) "Enormously promote the practice of forestry, thereby doing the utmost to solve the timber supply problem;

(2) Make permanent many communities, villages, cities, railways, etc.,

which otherwise with a continued migratory industry would neither pass away entirely nor shrink greatly in size and prosperity; and

(3) Put the lumber industry especially on a stable and continuously profitable basis."

Sustained yield forest management "consists for a given forest in limiting the average annual cut to the continuous production capacity."

This paper brings together the results of careful investigation and offers possibilities for the solution of American forest problems. Unless we commence production we cannot hope to meet future soft wood requirements. Our present supply of soft wood comes very largely from private lands, but economic conditions and public policy have not stimulated such production.

If the present rate of depletion continues, the best estimates indicate that the soft wood saw-timber will be completely exhausted in thirty-seven years. The future market requirement for soft wood is uncertain. Wood substitute may reduce the drain upon the forests. But there is every reason to believe that population will continue to increase, and it is reasonable to expect that, as population increases, demands on the forest will be great for lumber, pulp for paper, and special uses like rayon, and many new uses. We shall probably not be able to import enough timber for our requirements. The author points out that, "in future years it is apparently going to be impracticable to secure any substantial additional quantity of soft wood timber from sources outside the United States." After our forests have been under intensive management for many years, they can again, and permanently thereafter, probably produce as much forest products as we now consume.

This study emphasizes the great need for a detailed census of timber quality growth, losses, and utilization to give reliable data on which to base future forest policies. There is a great opportunity in the solution of our forestry problem by the broad application of the proposed sustained yield forest management.

A. J. Dadisman

Mead, E. S. and Ostrolenk, B. *Harvey Baum: a study of the agricultural revolution.* (Philadelphia: Univ. of Pennsylvania Press. 1928. Pp. 149. $2.)

Mundey, A. H. *Tin and the tin industry: the metal, history, character and application.* 2nd ed. (London: Pitman. 1928. Pp. 142. 3s.)

Nourse, E. G. *The legal status of agricultural coöperation.* (New York: Macmillan. 1928. Pp. xix, 555. $3.)

Parr, V. V. and others. *Ranch organization and methods of livestock production in the Southwest.* U. S. Dept. of Agric. bull. no. 68. (Washington: Supt. Docs. 1928. Pp. 104. 25c.)

Payne, H. M. *The undeveloped mineral resources of the South.* (Washington: Am. Mining Congress. 1928. Pp. 376. $5.)

Swanson, C. O. *Wheat flour and diet.* (New York: Macmillan. 1928. Pp. 216. $2.50.)

Todd, J. A., editor. *The cotton world; a survey of the world's cotton supplies and consumption.* Founded on lectures delivered at the City School of Commerce, Liverpool. (London: Pitman. 1927. Pp. 236. 5s.)

VITELES, H. *Expansion of the orange industry in Palestine.* Bull., vol. III, no. 1. (Tel-Aviv, Palestine: Palestine Econ. Society. 1928. Pp. 104.)

WAUTERS, A. *La reforme agraire en Europe. Collection des études politiques et sociales.* (Paris: L'Eglantine. 1928. Pp. 300.)

Pennsylvania's farms, crops and livestock, 1926. Gen. bull. no. 445. (Harrisburg: Pa. Dept. of Agric. 1927. Pp. 249.)

Why grow timber? U. S. Dept. of Agric., misc. pub. no. 26. (Washington: Supt. Docs. 1928. Pp. 14. 5c.)

Manufacturing Industries

NEW BOOKS

BOLTON, D. J. *Electrical engineering economics: a study of the economic use and supply of electricity.* (London: Chapman & Hall. 1928. 21s.)

CLARK, V. S. *History of manufactures in the United States, 1860-1914.* (Washington: Carnegie Institution of Washington. 1928. Pp. xvi, 949.)

MEIBES, O. *Die deutsche Automobilindustrie.* Schriften zum Studium über Wirtschaft, Recht und Politik, Nr. 4. (Berlin: Markwart-Verlag. 1928. Pp. 169.)

ROCHELEAU, W. F. *Manufactures.* (Chicago: A. Flanagan. 1928. Pp. 222. 76c.)

WARSHOW, H. T., editor. *Representative industries in the United States.* (New York: Holt. 1928. Pp. xiii, 702.)

Twenty-two industries are described by experts in their respective fields. Nearly all fall in the field of manufactures, but chapters have been added on building and banking.

Central electric stations in Canada. Census of industry, 1926, Part 1, *Statistics.* (Ottawa: H. M. Stationery Office. 1928. Pp. 88. 25c.)

Survey of textile industries. Being Part III of a survey of industries by the Committee on Industry and Trade. (London: H. M. Stationery Office. Pp. 328. 3s. 6d.)

Transportation and Communication

The Distribution of Power to Regulate Interstate Carriers between the Nation and the States. BY G. G. REYNOLDS. Columbia University studies in history, economics, and public law, no. 295. (New York: Columbia University Press. 1928. Pp. 434. $6.50.)

This is perhaps the most comprehensive study of the relative powers of the nation and the states in the regulation of interstate commerce which has ever been published. It deals with the historical development of the law relating to government regulation of carriers. But it is more than that; it is in reality a most interesting study of the development of national consciousness. To give a summary of the book is impossible within the limits of a review. There are only six chapters, but each is a monograph in itself.

Chapter 1 is an historical study of the causes leading up to the grant of power to Congress to regulate foreign and domestic commerce.

Chapter 2 is a study of judicial interpretation of federal and state powers from the adoption of the Constitution to 1887, and discusses such leading cases as Gibbons *v.* Ogden and McCulloch *v.* Maryland. During that period the Supreme Court made it clear that the power of Congress to regulate commerce with foreign nations and among the several states was a comprehensive power, and a foundation of judicial interpretation was laid for the fostering and promotion of interstate transportation by congressional legislation. A general rule was established that state legislation, regulating or imposing burdens upon transportation between the states, was unconstitutional as an invasion of the exclusive power of Congress. So that by 1887 the way was cleared for the Interstate Commerce act giving to a commission extensive powers over interstate commerce.

Chapter 3 deals with the period 1887-1920, during which period the principles already established relating to the limitation of state power over interstate commerce are given specific application by the court. The tendency is clearly shown to allow no action by a state which will impose any material burden upon communication and commerce between states. These decisions lead up to the Shreveport case decided in 1914 in which the court sustained the Interstate Commerce Commission in its attempt to regulate purely intrastate rates when such rates discriminated against interstate commerce and thus became a burden.

Chapter 4 covers the period of judicial decisions between 1920 and 1927. All previous decisions have gradually prepared the way for the Transportation act of 1920, which is the first really constructive piece of legislation in reference to the railroads. Heretofore the states and the federal government were imposing restrictions by their laws; in the Act of 1920 the federal government distinctly declared the policy that the railroads must have proper credit if they are adequately to serve the country. The extensive powers given to the Interstate Commerce Commission over finance and over abandonments of old lines and constructions of new lines were distinctly in derogation of powers which the states had heretofore exercised.

Chapter 5 cites the action of the Supreme Court in passing upon the constitutionality of particular federal laws insofar as they affect state power, laws which took away from the state many of the powers heretofore exercised by it, such as laws determining liability of shippers and laws relating to service and facilities.

Chapter 6 is more or less of a summary of the law relating to the distribution of power between the nation and the state and discusses some proposed changes.

This is not a law textbook, and the practicing lawyer in the hurried work of his profession in drawing a brief will probably not find the help which he desires. On the other hand no lawyer dealing with the subject of federal and state power over interstate commerce can find anywhere such a philosophical discussion of fundamental principles, as developed by the courts, as in this book. It is apparently almost the last word in historical research on this subject.

The author's attitude towards the apparently conflicting decisions of the court is admirable. Without straining in any way to develop consistency he shows how cases apparently in conflict are not necessarily so. You never feel that the author is trying to show you that the law is a consistent whole; but you do feel, after reading the book, that there is not nearly as much inconsistency as appears.

On the other hand the author thinks clearly and does not hesitate to show how some cases are based upon an improper application of well-organized principles. One is not obliged to agree with all his analyses in order to be convinced of the entire frankness of these analyses. It is a valuable book and a timely one.

EDGAR J. RICH

Boston, Massachusetts

NEW BOOKS

DAVENPORT, E. H. *Railways versus roads.* (London: General Press. 1928. Pp. 24. 1s.)

KERR, J. L. *An outline history of the Missouri Pacific, a western pioneer.* (New York: Railway Research Soc., 171 W. 12th St. 1928. $2.50.)

LEENER, G. de. *Les chemins de fer en Belgique.* (Brussells: Maurice Lamertin. 1927. Pp. 249.)

NAPP-ZINN, A. F. *Binnenschiffahrt und Eisenbahn.* (Leipzig: G. A. Gloeckner. 1928. Pp. vi, 126.)

PARKER, H. and BOWEN, F. C. *Mail and passenger steamships of the nineteenth century: the Macpherson collection, with iconographical and historical notes.* (Philadelphia: Lippincott. 1928. Pp. 351. $20.)

WYER, S. S. *Study of St. Lawrence waterway project.* (Columbus: Author, Hartman Bldg. 1928. Pp. 31. Gratis.)

Bus facts for 1928. A publication of facts and figures of the motor bus industry. (Washington: Motor Bus Div., Am. Automobile Assoc. 1928. Pp. 47.)

Canadian Pacific Railway Company: a trial bibliography. (Washington: Library Bureau of Ry. Econ. 1928. Mimeographed.)

Trade, Commerce, and Commercial Crises

Business Cycles: The Problem and Its Setting. By WESLEY C. MITCHELL. (New York: National Bureau of Economic Research. 1927. Pp. xxii, 489.)

This is the first of two volumes. The second, *The Rhythm of Business Activity*, is to follow. But presumably representing both volumes

is the statement of the preface: "I have not been able to devise a new way of conducting the inquiry which seemed better than the way followed in 1913. My earlier impressions that business cycles consisted of exceedingly complex interactions . . . . that to gain insight into these interactions one must combine historical studies with quantitative and qualitative analysis, that the phenomena are peculiar to a certain form of economic organization, and that understanding of this scheme of institutions is prerequisite to an understanding of cyclical fluctuations —these impressions have been confirmed by my efforts to treat the subject in a simpler fashion." The approach is the same. But not fifteen years but fifty seem to separate the present work from its 1913 predecessor, so rapid has been the increase of collected materials and the evolution of methods in this particular field. Seldom has the same man been called upon to organize a science in two such different stages.

The Problem and Its Setting consists of four essays, presumably the material which must be disposed of preliminary to the more positive statements of the second volume. The first essay is a survey of business cycle theories. They are described under the illuminating title "The processes involved in business cycles." That is to say, they are regarded as partial visions and therefore partial statements of this or that group of processes of the greater totality. Here Dr. Mitchell's treatment is delightful. Of course it is not exhaustive, but it is continually suggestive. It is crowded with prospective quotations.

But the second essay, "Economic organization and business cycles," raises the question whether the institutionalist has justified institutionalism. The rationalist starts with his compact working model. The institutionalist starts with his wide survey. But the use of the survey is doubtful except as it leads towards general principles which will serve as a still better working model, as intelligible and more realistic than that of the rationalist. It is a sprawling, not very illuminating survey, in this second essay, of the evolution and modern characteristics of business. In particular I doubt an account of the past evolution of the business cycle which depends upon types of business reports which one would not trust in regard to present business conditions. One is left in doubt as to whether Dr. Mitchell has described the evolution of the business cycle or the evolution of its reporters.

By all odds the most important of the essays is the third, "The contribution of statistics." It is a masterpiece of ripe judgments. While we have been used to textbooks of technique and fantastic calculations where "in the same piece of work an investigator may fit a straight line to one series and a parabola to the second, compute three-year moving medians of a third and seven-year moving arithmetic means of a fourth, run a free hand curve through the fifth, use ratios to some

other series for a sixth and devise some novel method for the seventh"—we find here a reasoned treatment of materials and methods in terms of significance and purpose. There is a host of rich discussions, such as on the significance of the secular trend, the problem of "irregular fluctuations," the questionable meaning of the general business index, and so on and so on. Suffice it to quote: "As we saw in the last section, some of the causes of seasonal variations vary from year to year. Likewise all secular trends are admitted to be subject to change without notice. . . . . Finally, among the numerous causes of cyclical fluctuations . . . . there is not one which we would not expect to produce perfectly regular cycles. . . . . In other words, an attempt to treat secular, seasonal and cyclical changes as regular runs counter to much that we know and more that we suspect." Alas for the forecaster.

I only wish Dr. Mitchell had pushed his analysis of accepted methods to the point of downright rejections. For example, the path of a time series is not a sum of random errors, and therefore the use of the line of least squares, of the standard deviation and of the coefficient of correlation in this connection is irrational. The first two may seem relatively harmless, but the irrational use of the coefficient of correlation has created theories which have no other source in reality. Dr. Mitchell refers to the pitfall of its use with a wrongly placed secular trend but the real pitfall is the formula itself. It never means what the economist who uses it means. No economist would say that a paired instance of + .2 and — .2 in units of standard deviation was an instance of dissimilarity, or that a paired instance of + 2.0 and + 1.6 showed ten times as much similarity as one of + .8 and + .4. It is vain to expect from a sum of nonsense to extract sense, nor has such ever been extracted in practice.

One of the striking theories discussed in this book is Dr. Hexter's theory of the energizing effect of coming births on business. This theory is derived from one of the most laborious uses ever made of the coefficient of correlation as applied to lags. The results of these labors show that the highest figure is for simultaneity between prices and births, which would mean therefore a lag of nine months of prices after conception. Using the same raw material but adopting the simple method of finding the lowest unsigned average difference between instances of the three months moving average of the two series, the lowest was found at six or nine months lag of births after prices. The average for simultaneity and twelve months lag was about the same. The relative results had practically no relationship to the results found by the use of the coefficient of correlation.

In the fourth essay, "The contribution of business annals," Dr.

Mitchell is on the defensive. The book, ***Business Annals***, also brought out by the National Bureau of Economic Research, is an attempt to discover an international pattern of prosperity and depression through the medium of a summary of business judgments. In the full tide of present-day statistical devices it requires courage to dare to announce that "to all acquainted with the making of the two types of summaries, it will be clear that a comparison between the annals of business and the statistical indexes of business activity is quite as much a test of the latter as of the former"—but a courage I think not justified. To weigh the factors of business activity is difficult, but to proceed without any explicit weights hardly seems of the twentieth century.

One test we can make of these two methods, *i.e.*, the method of summarizing business judgments as compared with that of organizing statistical data; and that is their relative usefulness in describing the length and number of business cycles. In the period from 1882 to 1913 *Business Annals* gives nine business cycles to the United States. In the period 1883 to 1913 it gives only four to England. But when the Thomas curve for England is superimposed upon the Snyder or the Telephone curve for the United States, the situation is explained. The minor movements, which in the *Annals* were dignified into business cycles for the United States, were regarded as irregular oscillations in England. Indeed, what is a business cycle in the United States? Was 1912 the apex of one? Yes, if pig iron and prices and imports are the standards. No, if bankruptcies and building permits and bank clearings are the standards. There is not much future then for research in the compilation of business judgments. International comparisons of specific items are the necessary work.

O. Ingraham

Massachusetts Institute of Technology

NEW BOOKS

Janzen, A. E. *The Wichita grain market.* Kansas studies in bus., no. 8. (Lawrence: Univ. of Kansas School of Business. 1928. Pp. 63.)

Jones, C. F. *Commerce of South America.* (Boston: Ginn. 1928. Pp. 600. $3.20.)

Magnier, L. *La Chambre de Commerce Internationale.* (Paris: Rousseau. 1928. Pp. 138.)

Slavik, G. *Der Aussenhandel und die Handelspolitik Oesterreichs 1918 bis 1926.* (Klagenfurt: F. Kleinmayr. 1928. Pp. 82.)

Foreign trade in 1928: official report of the fifteenth national foreign trade convention held at Houston, Texas, April, 1928. (New York: Nat. Foreign Trade Convention Headquarters, India House, Hanover Sq. 1928. Pp. 284. $2.50.)

Memorandum on production and trade, 1913 and 1923-1926. (Geneva: League of Nations, Econ. and Finan. Section. 1927. Pp. 73. 2s.)

Las relaciones commerciales hispano-britanicas. (Madrid: Imp. Clasica Espanola. 1927. Pp. 72.)

Trade and shipping in the Dominion of New Zealand, 1927: statistical report. Parts 1 and 2. (Wellington: Census and Statistics Office. 1928. Pp. vii, 532; xix, 94. 12s. 6d.; 2s. 6d.)

Accounting, Business Methods, Investments and the Exchanges

The Economics of Instalment Selling. A Study in Consumers' Credit with Special Reference to the Automobile. By Edwin R. A. Seligman. Vols. I and II. (New York: Harper. 1927. Pp. xii, 357; 623. $4.00 each.)

Professor Seligman's volumes are a distinct contribution to present discussion regarding the economic effects of consumers' credit. This work stands out in clear relief against even the more serious studies previously attempted, as by far the most exhaustive and best grounded discussion of the entire subject. The individual contribution is found in volume I which is primarily historical and descriptive. Volume II, containing a series of individually prepared articles, is essentially analytical and supplies much of the original research material supporting the conclusions found in volume I.

In the first volume, one finds at the outset a clear statement of what instalment credit is. Thus "the system (instalment buying or selling) may be defined as a transfer of wealth, the payment for which is deferred in whole or in part to the future and is liquidated piecemeal or in successive fractions, under a plan agreed upon at the time of transfer." Instalment selling is a different device from lump sum credit; and from this single characteristic, as much as any other, arise many of the problems peculiar to instalment credit.

The idea of instalment selling is not new, nor has it been confined to so-called *consumption* goods. Professor Seligman traces the origin and development of instalment selling in this country from the beginning of the nineteenth century to the present time. In discussing methods of instalment credit, four distinct problems are considered: "the relation of the purchaser to the dealer; the relation of the dealer to the finance company; the relation of the manufacturer to both the dealer and the finance company; and the relation of the finance company to the banker and the investing public." Variation in the methods employed in a given case may occur in respect to any of the preceding problems.

The average reader will find chapter 4, "The extent of instalment selling," of special interest. Professor Seligman here analyzes the more reliable studies previously made and applies the results of in-

vestigations made under his guidance in arriving at an independent estimate of the extent of instalment sales and of instalment paper outstanding.

In Part 2 the author discusses the real nature of instalment selling and goes a long way toward justifying it on the basis of accepted economic doctrine. An introductory chapter surveys present opinions regarding the merits and demerits of the system and sets forth the more important problems involved in a complete analysis of the subject. Thus:

Installment credit is a part of the larger subject of consumers' credit. The first problem that presents itself, therefore, is that of consumers' credit in general. What is consumers' credit? Are all forms of consumption credit necessarily to be reprobated? Ought credit to be limited to purposes of production?

The second problem, which is closely connected with the first, resolves itself into the question of the position which consumers' credit has come to occupy in the evolution of credit in general. Is consumers' credit a logical and direct outcome of the earlier types of credit, or does it represent a by-path and a cul-de-sac?

In the third place, if consumers' credit represents a development of credit in general, what are the tendencies observable in recent years in this development? Is consumers' credit as a whole growing, and if so, why? And what are the causes responsible for the various aspects of the movement?

In the fourth place, if we find that the various forms of consumers' credit do not deserve to be lumped together in a wholesale condemnation, ought we not at least to accept the usual distinction between necessities and luxuries and to say that instalment credit applied to luxuries is to be reprobated?

The next problem affects the relation between consumers' credit in general and instalment credit in particular. Are there any special features of instalment selling which tend to modify the answer that we may have reached with reference to consumers' credit in general? What are the particular advantages, and what are the specific perils in instalment credit as differentiated from consumers' credit in general?

The final problem relates itself specifically to the automobile.

Is the automobile a luxury or necessity? Does it represent a consumer's good or a producer's good? Is it a good or a bad innovation? What is its real position in the modern economy? Is it socially desirable to stimulate the use of the automobile?

Subsequent analysis is divided into two books: "The nature and characteristics of instalment credit;" and "The effects of instalment credit." Under the first heading the gradual evolution of credit is traced, and its economic function analyzed. Instalment selling is a comparatively new development and differs from the older form of consumption credit, known as pawn shop credit, in that it is ordinarily liquidated by fractional payments and is used to purchase durable goods.

Most current attacks on instalment selling are based on the distinction between production credit and consumption credit. There can, however, be no universal condemnation of consumption credit. Furthermore, is it true that instalment selling, utilized for the most part in the sale of durable goods, results in the purchase of utilities before payment therefor? Is it not more nearly in accord with the facts to say that instalment credit places a mass of unused utilities in the hands of the consumer who pays for them as he uses them, or often before they are completely utilized, if the debt is liquidated before the article is completely worn out?

The author further considers the effects of instalment credit on the consumer, on business conditions, and on the credit structure. From the consumers' standpoint, it is found that instalment selling

> when used with the right kind of commodity, is likely to increase not to decrease savings. If instalment selling leads the individual to buy something which he really does not need, or which satisfies only a passing whim, or which transcends his real prospective capacity to pay, the action must be put into the spendthrift class. But if the commodity is in itself a useful and desirable one, if the individual would be inconvenienced or would have his productive efficiency diminished by his inability to purchase it for cash, instalment selling will tend to augment both his desire and his capacity to save in order to pay for it.

In analyzing the effects of instalment selling on business conditions the author does not consider its relation to the business cycle but rather its influence on demand; the added cost of instalment selling *vs.* other types of marketing; and its influence on production. In general, it is held that instalment credit augments purchasing power; that, ignoring obvious cases where the system is abused, it is not expensive, in that the net results are beneficial; and finally that it has rendered possible greater production because it "has contributed to an enlargement and to the steadiness of the market."

Contrary to popular belief the losses suffered through instalment selling need not be large. For instance, in the case of the General Motors Acceptance Corporation, the percentage of losses from 1920 to 1926, inclusive, varied from a high of .109 per cent in 1922 to a low of .035 in 1926.

The popular argument that instalment selling constitutes a menace to our credit system in times of depression is answered by presenting statistics which show the effect of instalment selling on our banking structure in 1921, as compared with subsequent years. It is also shown that personal incomes, the source from which instalment credit is liquidated, fall off less severely in times of depression than business profits. It is even suggested that a recovery in business may be accelerated by instalment selling.

The fact that we shall comment only briefly on volume II is no criterion of its importance. The contents of this volume are designated as appendices and appear under the following heads: "Instalment selling in real estate;" "The volume of retail sales;" "The consumers' study;" "The merchandise study;" "The dealers' study;" "The repossession study;" "The depression study." Much of the material contained in these studies is used to support the conclusions set forth in volume I, although there is presented here a substantial amount of statistical material which should ultimately serve as a basis for further investigation.

RALPH E. BADGER

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American Prosperity: Its Causes and Consequences. By PAUL M. MAZUR. (New York: Viking Press. 1928. Pp. xv, 268. $2.50.)

Paul Mazur has done a distinct service to industry in writing this volume. It has been well said that a problem correctly stated is half answered; and herein lies the purpose and the value of the book. Major elements of the business problems which arose from the post-war increase in volume of production are clearly presented from the viewpoint of the banker-economist. The background is the radical change in economic conditions due to the accelerating effect of the World War, concerning which he writes:

> The war concentrated into a few years the slow fruition of decades of peace; and the process that was a tendency in the years before 1914 was an accomplished fact by 1925.
>
> Europe will in time rehabilitate her old economic machinery. America's pre-war economic basis, on the contrary, is relatively obsolete, and America must find new ways and means.

The far-reaching effect of the new and still changing economic conditions is developed in the chapters on the "Evolution of production," "Distribution," "Retailing," and "The consumer."

A cycle is traced which begins with production of excessive volume (incorrectly called "mass production"). This excessive volume engenders marketing problems which are attacked with high pressure selling and extensive advertising. Thus the expense for marketing increases and tends to offset the advantage of the volume as regards production.

The approach to saturation of the market introduces "style" as a means for rendering goods obsolete, which in their normal use would not be consumed soon enough to keep the factories running. "The community that can be trained . . . . to want new things even before the old have been entirely consumed yields a market to be measured more by desires than by needs."

The "style" feature reacts on the retailer's stocks and leads him to "hand-to-mouth buying." It also reacts on the factory, because with rapidly changing styles the production volume is reduced and the manufacturing costs thereby increased. "Hand-to-mouth buying" and small inventories are expected to continue as characteristic of the present era.

The chapter on consolidation deals with the characteristics of mergers and associates these characteristics with the economic requirements of the industrial era now actively begun. A strong case is made for the merger and it is suggested that ". . . . many of the retail institutions which have banded themselves into voluntary groups for mutual aid and protection will find that their interests are even better served by transforming their volunteer associations into regular consolidated corporations."

The betterment of manufacturing efficiency made possible by merging is briefly outlined and assumed to be generally practised. With this assumption the industrial engineer will disagree, holding that mergers are rarely followed by fundamental revision of manufacturing methods, or allocation of products among the merged plants. As to the possibilities, the author concludes: "Nevertheless, platitude or not, the contribution which merger can make to the manufacturing economy is sufficiently important to make reference to its details essential in any consideration of consolidation."

The merger can potentially "improve the good and offset the evil of the selling methods which mass (excessive volume) production has induced in industry. . . . . The large size of the organization enables it to experiment in the production and sales of new products for which a demand must be developed at some considerable expense and over a period of time, ... also offers material benefits to its owners in dealing with hand-to-mouth buying."

By consolidating a number of products, a merger is in a stronger position as regards the retailer than separate manufacturers of the respective products. Through the merger the ownership or control of the retailing outlet becomes practical for articles of reasonably high unit price.

The book is timely and should prove valuable not only for the able analysis of some of the "causes and consequences" but equally through forcing discussion of production methods, concerning which the author is less well-informed. Industrial engineers will disagree with many of the statements concerning mass production, particularly with the author's announcement of the death of this method. The error is made of attributing production of excessive volume to this method rather than to failure to use it, or bad business judgment in its use.

Mass production is described as a comparatively recent development—an inflexible method of production—of which the Ford operations are cited as an example. As a matter of fact, Eli Whitney, the inventor of the cotton gin, originated mass production in 1798. The method at all times peculiarly suited to our economic conditions has of recent years become a practical necessity. Economists agree as to the source of wealth, and present economic conditions demand that the banker and business man shall be better advised as to the industrial methods by which it is produced. Nothing but harm could result if mass production were to be discredited through misunderstanding of its nature and function.

Under the chapter title of "Money and the shadows of Europe," the author discusses "America's continuously favorable balance of trade without the consequences of a steady flow of the world's gold to American treasuries." Reasons are given for this condition but it is pointed out that "Europe of today owes an annual debt of nearly seven hundred million dollars to the United States." This condition, the author says, cannot continue indefinitely. Some day, the annual payment of interest on foreign loans will exceed the yearly investment of new capital, "and from that day the United States will have an annual unfavorable balance of trade."

The author appears to lay undue emphasis upon the unfavorable trade balance of the future. The economic effect of an unfavorable balance of trade of seven hundred million dollars' worth of goods is substantially less than the gross purchase price of the goods. The program of simplification and standardization which is largely to be credited for present prosperity is still actively under way in American industries. It may be safely counted upon to offset largely, if not entirely, such an adverse trade balance. For example, the development of standardized practice in the automotive industry alone is saving a waste estimated by that industry at seven hundred fifty million dollars per year. Since this program saves waste, it will have a net economic effect upon prosperity.

America's pre-war economic basis is relatively obsolete, as the author states. Business decisions must rest on the new set of facts and tendencies. With respect to merchandising particularly, the new conditions are ably and clearly presented in this volume.

C. P. Tolman

New York City

NEW BOOKS

Alexander, M. W. *Mechanization of industry and economic and social progress.* Twelfth annual report of the president. (New York: National Industrial Conference Board. 1928. Pp. 56.)

AMIDON, L. C. and LANG, T. *Essentials of cost accounting.* (New York: Ronald. 1928. Pp. x, 383. $4.50.)

ANDERSON, A. G. *Industrial engineering and factory management.* (New York: Ronald. 1928. Pp. xiii, 623. $5.)

The author is a member of the teaching staff of the University of Illinois, with a background of engineering training.

"Eleven chapters present the general principles of effective and economical operation. Two chapters cover elimination of waste through limitation of variety of product and conservation of human effort, in connection with standardization and fatigue. The rest of the section is devoted to relations with personnel; operation study as a basis for economical production and determining wage rates and plans; and methods of wage payment, in connection with which all the leading methods are outlined and various incentive plans are discussed.

"Six chapters then apply to particular functions of the enterprise, the management principles presented in the previous section, covering thus simplification budgeting, purchasing, stores control, inspection, and tool control. Finally, the principles and technique developed throughout the discussion are gathered up and coördinated, in two chapters on production control and industrial costs."

Questions and problems are given with each chapter.

BADGER, R. E. *Investment principles and practices.* (New York: Prentice-Hall. 1928. Pp. xxv, 915. $6.)

BALCH, C. F. *The railways and cost accounting.* Official pubs., vol. X, no. 1. (New York: National Assoc. of Cost Accountants. 1928. Pp. 1-18. 75c.)

BANKS, P. H. and BUTTERBAUGH, W. E. *The accomplishments of an industrial traffic department.* (Indianapolis: Educational Committee, Associated Traffic Clubs of America. 1928. Pp. 23. Gratis.)

Sets forth the duties and advantages of a modern industrial traffic department by using a test case from actual business. Treats of specific and general traffic, transportation and shipping problems for both large and small concerns.

BLAKE, L. F. *Experiences with budgets to aid management.* Official pubs., vol. IX, no. 21. (New York: National Assoc. of Cost Accountants. 1928. Pp. 1247-1261. 75c.)

BOGEN, J. I. *Analysis of railroad securities. A guide to the determination of investment values.* (New York: Ronald. 1928. Pp. xi, 449. $6.)

BROWN, D. *Forecasting and planning vital to industrial prosperity.* Address delivered at the sixteenth annual meeting of the Chamber of Commerce of the U. S. A. at Washington, D.C., May 9, 1928. (Washington: Chamber of Commerce of the U. S. A. 1928. Pp. 19.)

DAVIS, R. C. *The principles of factory organization and management.* (New York: Harper. 1928. Pp. xxi, 449. $5.)

A clear and helpful text in regard to modern practice by an engineer and teacher at the Ohio State University. The topics covered include plant location; lighting; heating and ventilation; organization; production control; planning; time and motion study; purchasing; inventory control; stores; standardization; personnel; health supervision; job analysis; production and wages; employee education; office management; and cost control. The volume has many illustrations.

DURSTINE, R. S. *This advertising business.* (New York: Scribner. 1928. Pp. 339. $3.)

FILFUS, N. and ROBINSON, N. *Fundamentals of bookkeeping and accounting.* Vols. I and II. (New York: Oxford. 1928. Pp. 230, 228. $1.48 each.)

FORSYTH, C. H. *Introduction to the mathematical theory of finance.* (New York: Wiley. 1928. Pp. 205. $2.50.)

FRANK, T. B. *Depreciation accounting in the machine tool industry.* Official pubs., vol. IX, no. 24. (New York: National Assoc. of Cost Accountants. 1928. Pp. 1395-1415. 75c.)

GALSTON, A. *Security syndicate operations: organization, management and accounting.* Rev. ed. (New York: Ronald. 1928. Pp. ix, 205. $4.)

GLOVER, G. R. and WILLIAMS, R. G. *The elements of costing.* (New York: Gregg. 1928. Pp. 182. 5s.)

GRAYSON, T. J. *Investment trusts: their origin, development and operation.* (New York: Wiley. 1928. Pp. xv, 434. $5.)

A timely book, describing the organization and method of operation of American investment trusts, and of special value is the space given to British companies occupying this field of investment. The author is cautious in his judgments, recognizing that American investment trusts have had as yet but slender experience. "Undoubtedly the greatest present danger connected with the American investment trust lies in the transactions of the so-called bankers' share type." One hundred pages are given to the British investment trust. In the appendix are printed types of agreements.

GRIMES, J. A. and CRAIGUE, W. H. *Principles of valuation.* (New York: Prentice-Hall. 1928. Pp. xvii, 274. $10.)

GROVER, A. E. *Foundry costs.* Official pubs., vol. IX, no. 23. (New York: National Assoc. of Cost Accountants. 1928. Pp. 1343-1364. 75c.)

GUSHÉE, E. T. and BOFFEY, L. F. *Scientific purchasing.* (New York: McGraw-Hill. 1928. Pp. 196. $3.)

HELLWIG, A. and MÄCKBACH, F. *Neue Wege wirtschaftlicher Betriebsführung.* (Berlin and Leipzig: Walter de Gruyter. 1928. Pp. 150. Rm. 6.)

HORWATH, E. B. and TOTH, L. *Hotel accounting, including departmental control, food costing and auditing.* (New York: Ronald. 1928. Pp. 517. $6.)

HOTCHKISS, E. W. *A manual on the law of bills of lading and contracts of shipment.* (New York: Ronald. 1928. Pp. 304. $5.)

KENNEDY, D. D. *Overhead costs and the shift to machinery.* (Philadelphia: Univ. of Pennsylvania. 1928. Pp. 100.)

Defining overhead costs as indirect factory expense, the author of this dissertation makes sample studies of the increase in this element resulting from increased mechanization in a number of industries, particularly ice and coke plants and machine shops. He also studies the variability of these expenses in response to changing rate of plant activity, in the case of one machine shop over a period of twenty-nine months. Overhead falling into nineteen divisions, he computes for each the coefficient of correlation with number of machine-hours worked, and on this basis classifies the various divisions of expense as constant, semi-variable and variable.

Such coefficients, of course, are far from telling the whole story. No mention is made of the fact that the constancy of "depreciation" and the variability of "contingent fund" are matters of bookkeeping rule rather than of objective technical fact. The results are used to rule out "variable" divisions when estimating "cost of idleness" by the method of the "standard burden rate," the author being apparently satisfied with the resulting approximation. One hopes that he would use a more thorough-going method, given more extensive data. He also makes the pertinent distinction between idle capacity and off-standard production, though his tables do not appear to isolate the effect of the latter element.

The study is a useful one, made in the face of great difficulty in securing data. We need more such studies, and more intensive ones.

J. M. CLARK

KEPPEL, A. J. W. *The theory of the cost-price system.* (London: Allen & Unwin. 1928. 6s.)

LANSBURGH, R. H. *Industrial management.* 2nd rev. ed. (New York: Wiley. 1928. Pp. 509. $4.50.)

LIPPERT, G. *Handbuch des internationalen Finanzrechts.* 2nd rev. ed. (Vienna. Staatsdruckerei. 1928. Pp. liii, 1275.)

LOWRIE, J. A. *Operating results of Ohio wholesale grocers, year 1927.* (Columbus: Ohio State Univ., Bureau of Business Research. 1928. Pp. 21, mimeographed. 50c.)

MADDEN, J. T. *Economic considerations affecting commercial budgets.* Official pubs., vol. IX, no. 22. (New York: National Assoc. of Cost Accountants. 1928. Pp. 1289-1300. 75c.)

METCALF, H. C., editor. *Business management as a profession.* (Chicago and New York: Shaw. 1927. Pp. vii, 389.)

This volume embraces a group of lectures given in a "course for executives" sponsored by the Bureau of Personnel Administration in one of the eastern universities. The lectures as a whole, as stated in an introduction prepared by the editor, represent a unique effort to analyze the fundamentals of business administration and to assist in developing the professional status of business management.

There are thirteen contributors to the volume, embracing such well-known authorities in their respective fields as President H. S. Dennison of the Dennison Manufacturing Company; Professor H. S. Person, Managing Director of the Taylor Society; Dean W. B. Donham of the Graduate School of Business Administration at Harvard; Professor E. H. Schell of the Department of Industrial Management of the last mentioned institution; Professor Walter Rautenstrauch of Columbia University; Miss M. P. Follett, the well-known author and lecturer of Boston, and a number of other outstanding authorities in the field of business management in its broadest aspects.

It is difficult to convey to the reader the full content of this collection, largely because it covers comprehensive discussions of a wide range of titles. The book must be read in order to be appreciated. There are twenty-two chapters in all, the first being a discussion of "The essentials of a profession" by Mr. Dennison, in which he states the tests of professional activity and shows how these tests are met by modern business. Professor Rautenstrauch follows with a discussion which covers two

chapters dealing, respectively, with "The design of business enterprises" and "Managing an enterprise so designed."

Miss Follett contributes five chapters to the volume, of which the first two, representing Chapters 4 and 5, are devoted to an intelligent discussion of "How must business management develop in order to possess essentials of a profession." The remaining three contributions of Miss Follett are devoted primarily to a discussion of the responsibility in business management, employee representation as related to the work of the business manager, and the bearing of central administration leadership upon business management as defined in the course of lectures here under consideration. Professor Person's contribution centers in a consideration of the professions utilized by business and whether or not business is a profession. "Scientific personnel work" is ably discussed by Mr. Charles R. Mann, Director of the American Council on Education; while business ethics and standards of business practice come in for high-grade consideration by Mr. Edgar L. Heermance, the well-known author and lecturer of New Haven.

Dean Donham's contribution is an excellent discussion of the professional side of business training. The relation of present-day psychology to business as a profession comes in for comprehensive consideration by Professor H. A. Overstreet of the College of the City of New York, who also has a chapter on "Business as a creative unity." Business management in its essential and civic responsibilities is covered by Mr. William E. Mosher of the School of Citizenship and Public Affairs of Syracuse University, while Professor A. B. Wolfe of Ohio State University outlines the bearing of scientific method upon conflicts between the employer and the employed. And, business management has, it would appear, certain biological aspects as witnessed by A. E. Wiggam's contribution, "The biological responsibility of business managers." "Contributions of employee representation to managerial objectives" is discussed by Mr. E. R. Burton. Professor Schell's contribution embraces an intelligent discussion of the administrator's and the executive's job.

Toward the end of the volume is a selected list of readings covering three pages and embracing nearly sixty titles, and a brief index of three pages. Anyone who is interested in the professional aspects of business management from any of its various angles would do well to read and digest this altogether interesting book.

Avard L. Bishop

Muller, H. M. *Installment buying.* Reference shelf, vol. V. no. 8. (New York: H. W. Wilson. 1928. Pp. 120. 90c.)

Naether, C. A. *Advertising to women.* (New York: Prentice-Hall. 1928. Pp. 340. $5.)

Nystrom, P. H., compiler. *Bibliography of retailing: a selected list of books, pamphlets and periodicals.* (New York: Columbia Univ. Press. 1928. Pp. 87. $2.50.)

Ramsay, R. E. *Effective direct advertising.* 2nd ed. (New York: Appleton. 1928. Pp. 675. $5.)

Rorem, C. R. *Accounting method.* (Chicago: Univ. of Chicago. 1928. Pp. xvii, 596. $4.50.)

SCHMALZ, C. N. *Operating statistics for the credit and accounts receivable departments of retail stores, 1927.* Mich. business studies, vol. I, no. 6. (Ann Arbor: Univ. of Michigan, School of Business Admin. 1928. Pp. 74. 50c.)

SCOTT, W. D., and HOWARD, D. T. *Influencing men in business.* 3rd ed., rev. and enl. (New York: Ronald. Pp. vii, 172. $2.50.)

This volume, dealing with an analysis of argument and suggestion and their uses in business, is not only a most concise and lucid presentation but, because of its organization and the choice and abundance of illustrations, an unusually interesting book. The major addition treats the aspects of crowd behavior.

C. L. STONE

SHIVELY, H. H. *The nature of unfair methods of competition in the retail field.* (Columbus: Ohio State Univ. Press. 1928. Pp. vii, 110.)

SIMMONS, E. H. H. *Safeguarding the nation's capital.* Address delivered at the 34th annual convention of the Wisconsin Bankers Assoc. at Milwaukee, Wis., June 27, 1928. (New York: N. Y. Stock Exchange. 1928. Pp. 16.)

SKILLMAN, G. B., editor. *Harvard business reports.* Vol. V. (Chicago: Shaw. 1928. Pp. 622. $7.50.)

SMITH, H. L. *The board of trade.* (New York: Putnam. 1928. Pp. 288. $2.50.)

TAYLOR, H. *Making goods and making money.* (New York: Macmillan. 1928. Pp. viii, 296.)

VAUGHAN, F. L. *Marketing and advertising: an economic appraisal.* (Princeton: Princeton Univ. Press. 1928. Pp. xi, 255. $2.50.)

WALLSTEIN, L. M. *Some legal questions in relation to investment trusts.* (New York: Corporation Trust Co. 1928. Pp. 30.)

WILDMAN, J. R. and POWELL, W. *Capital stock without par value.* (Chicago: Shaw. 1928. Pp. 553. $5.)

WILLIAMS, M. H. *Investment trusts in America.* (New York: Macmillan. 1928. Pp. 152. $1.50.)

WOODWARD, W. H. *Profits in insurance stocks.* (New York: Macmillan. 1928. Pp. viii, 122. $1.50.)

Consumer demand in Lincoln, Nebraska. Neb. studies in business, no. 21. (Lincoln: Univ. of Nebraska. Extension Div. 1928. Pp. 58. 50c.)

Current cost literature. Official pubs., vol. IX, no. 22. (New York: National Assoc. of Cost Accountants. 1928. Pp. 1339-1342.)

Financing without a mortgage. Reprinted from *Electrical World,* Sept. 8, 1928. (New York: Public Utility Investing Corp., 61 Broadway. 1928. Pp. 4.)

Operating expenses of department stores and departmentized specialty stores in 1927; final report. Bull. no. 74. (Boston: Harvard Univ., Bureau of Business Research. 1928. Pp. v, 39. $1.50.)

Operating expenses of plumbing and heating supply wholesalers in the Central States in 1927. Bull. no. 71. (Boston: Harvard Univ., Bureau of Business Research. 1928. Pp. vii, 35. $1.50.)

Operating expenses of wall paper wholesalers in 1927. Bull. no. 73. (Boston: Harvard Univ., Bureau of Business Research. 1928. Pp. vii, 24. $1.50.)

Pacific Collegiate Economic and Commercial Conference: proceedings of

the sixth annual meeting, Vancouver, British Columbia, December 28 and 29, 1927. (New York: Ronald. 1928. Pp. 80.)

The sources of public utility capital. Bull. no. 20. (Urbana: Univ. of Ill., Bureau of Business Research. 1928. Pp. 52.)

Studies in securities, 1928. 2nd issue. (New York and Chicago: Jas. H. Oliphant & Co. 1928. Pp. 101.)

Suggestions for the practice of commercial arbitration in the United States. By the American Arbitration Association. (New York: Oxford. 1928. Pp. 241. $1.75.)

Capital and Capitalistic Organization

Valuation of Public Service Corporations. Legal and Economic Phases of Valuation for Rate Making and Public Purchase. By ROBERT H. WHITTEN, revised and enlarged by DELOS F. WILCOX. Vols. I and II. (New York: Banks Law Publishing Co. 1928. Pp. lxxx, 2081. $30.00.)

"Looking back at this time with a realization of the political and economic changes that have taken place since 1914, a reader of Whitten cannot avoid astonishment at the completeness of his discussion and the fundamental verity of his analysis of the problem." This statement from Dr. Wilcox's preface confirms the general belief in the unexcelled workmanship of the original volumes; it also forewarns of the course which Dr. Wilcox himself has pursued in bringing the treatise down through the troublous years of the last decade and a half. Let us postpone consideration of the latter point and note briefly what Dr. Wilcox has contributed to the work, regarded solely as a treatise whose purpose is to reveal, principally by selections from cases, the development and present status of the valuation controversy.

With thousands of new court and commission decisions, including those of the Interstate Commerce Commission, and with a valuation situation "even more chaotic and tentative than it was when Dr. Whitten wrote," the task of selection which confronted Dr. Wilcox was one of unusual difficulty. It has, however, been most creditably discharged. Within a compass only one-half greater than that of the original volumes and without sacrifice of fullness of quotation, the treatise has been so skillfully brought down to date that the reader is fully prepared—in fact, impatient—for the definitive decisions which some believe will come from the Supreme Court in the test cases now or presently to be before it. The explanatory comments and summarizations are made with the same clarity and economy of style that charactized Whitten's writings and a certain new pungency of statement is noted. Where extended discussion of subjects not adequately treated in the cases is necessary, Dr. Wilcox reveals the intimate acquaintance with engineering, accounting and legal questions which he gained from first-hand

contact with many closely contested valuation cases. The result is an analysis both accurate and penetrating. The discussion of certain subjects (for example, property acquired without cost, and unused property) is so complete as, in fact, to take on somewhat of the character of a handbook for the valuation practitioner. A like completeness is not found in the treatment of land appraisals. But, under the circumstances, criticisms of the apportionment of space would be gratuitous. Particularly noteworthy and helpful is the approach to the treatment of overhead charges through the accounting classifications. The discussion of the various meanings of actual cost also helps to clarify this much confused subject, and the analysis of the meaning of cost of reproduction is particularly searching.

In his supplementary volume more definitely than in his first, Whitten took the position that the public interest required an agreed upon basis of valuation and that investment rather than cost of reproduction afforded the desired basis. This was, of course, a much less extreme attitude then than it would be now. The subsequent course of prices and of court decisions has, as Dr. Wilcox frankly states (p. 538), put the advocate of the cost basis on the defensive. Those who were acquainted with Dr. Wilcox or with his writings know how enthusiastically he accepted this challenge to what he regarded as two basic, almost axiomatic, political and economic principles: viz., that private companies furnishing public utility service are discharging a public function, and that the public should pay for such service no more and no less than the necessary cost of this provision. There can be no gainsaying that the present volumes reveal over and over again the writer's strong conviction that the time has come to put an end to endless valuation controversies by pinning our faith to the investment rule. (See, for example, the preface, chapter XIV on "Actual cost," and the persistent attack made on a justice of the Supreme Court, particularly in chapter XXIX).

Does Dr. Wilcox's predilection for the investment basis, which is shared by most but not by all economists, defeat the purpose of the treatise? The answer is clearly No. Both sides of every controversial question are honestly and fully presented; the reader is free to reach his own conclusions. On the other hand, it is doubtful whether a strictly non-partisan treatment could ever approach this one in intimacy of knowledge of the valuation problem or in interest of treatment. There is therefore every cause for congratulation that the task of revising this widely used treatise fell into Dr. Wilcox's hands. It represents his last completed published work.

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NEW BOOKS

GRONINGER, T. E. *Public utility rate-making, including court review of rate orders based in the main upon decisions of the United States Supreme Court.* (Indianapolis: Bobbs-Merrill. 1928. Pp. 402. $7.50.)

JENKS, L. H. *The migration of British capital, to 1875.* (New York and London: Knopf. 1927. Pp. xi, 442. 18s.)

KOCH, F. E. *Grundzüge des englischen Kartellrechts.* Kartell und Konzernrecht des Auslands, Heft 2. (Berlin: Carl Heymann. 1927. Pp. 60.)

MICHELS, R. K. *Cartels, combines and trusts in post-war Germany.* (New York: Columbia Univ. Press. 1928. Pp. 183. $3.50.)

SCHOPPE, C. W. *A brief statement of the economics of public utility valuation.* Gen. extension div. record, vol. IX, no. 18. (Gainesville: Univ. of Florida. 1928. Pp. 16.)

SANCTIS, V. DE. *Das Recht der Kartelle und anderen Unternehmenszusammenfassungen in Italien.* Kartell und Konzernrecht des Auslandes, Heft 4. (Berlin: Carl Heymann. 1928. Pp. viii, 126.)

TSCHIERSCHKY, S. *Kartell-Organisation.* Bücherei der praktischen Betriebsführung, Band II. (Berlin: Spaeth & Linde. 1928. Pp. 190.)

Intended as a textbook on the technical organization of cartels, with copious illustrative material. A separate chapter covers international cartels. The author is the leading German authority on cartels and editor of the Kartell-Rundschau. W. F. N.

Labor and Labor Organizations

NEW BOOKS

BRADWIN, E. W. *The bunkhouse man. A study of work and pay in the camps of Canada, 1903-1914.* (New York: Columbia Univ. Press. 1928. Pp. 306. $5.)

ESTEY, J. A. *The labor problem.* (New York: McGraw-Hill. 1928. Pp. x, 378. $3.)

This book is a clear-cut, well written summary of the present status of the labor problem and of the three lines of endeavor directed toward its solution or at least its amelioration. These three lines of approach to the problem are organized labor, the liberal employer, and labor legislation. There is nothing novel about the arrangement or subject matter. The author takes a liberal attitude toward the aspirations of labor and has no pet schemes of his own to advocate. Opinions will differ as to the desirability of eliminating practically everything in the way of illustrative material of a statistical or historical character, such as is usually included in books of this sort.

CARROLL W. DOTEN

GUILLEBAUD, C. W. *The Works Council. A German experiment in industrial democracy.* (Cambridge, England: University Press. New York: Macmillan. 1928. Pp. viii, 305.)

HARADA, S. *Labor conditions in Japan.* (New York: Columbia Univ. Press. 1928. Pp. 293. $4.50.)

HARDMAN, J. B. S., editor. *American labor dynamics. A study of the labor scene in the light of post-war developments.* (New York: Harcourt Brace. 1928. Pp. xv, 432. $4.)

This volume, brought out under the direction of the editor of *Advance*, the journal of the Amalgamated Clothing Workers, is the result of a coöperative study made by thirty-two writers, among whom are teachers, labor men, editors, and technicians. The book is divided into four parts, which deal with "The decade in retrospect—1918 to 1928," "Problems of a labor union somewhere in the United States," "Labor issues in industry and politics," and "The mind of labor, ideas and leadership." One appendix is devoted to a census of labor opinion on recent tendencies, the result of an inquiry addressed to many labor leaders and teachers. Another appendix contains a symposium on the labor press, which, in addition to several brief articles, presents the results of an inquiry addressed to labor editors. The third appendix, entitled, "A cross section of American labor leadership," presents a statistical analysis by Louis Stanley, based on a study of the *American Labor Who's Who*. There is an adequate index. The volume ends with brief accounts of each of the collaborators.

Among those who have contributed to the volume are Leo Wolman, Walter N. Polakov, John Brophy, Robert W. Dunn, Abraham Epstein, Seba Eldridge, Sumner H. Slichter, Sidney Hillman, Earl Dean Howard, Arthur W. Calhoun, Stuart Chase, and A. J. Muste.

Although the volume suffers somewhat from a lack of continuity and from the great brevity of some of the contributions, Mr. Hardman and his collaborators have written an interesting and valuable book.

Edward Berman

Jenkin, A. K. H. *The Cornish miner. An account of his life above and underground from early times.* (London: Allen & Unwin. 1927. Pp. 351. 12s. 6d.)

Logan, H. A. *The history of trade-union organization in Canada.* (Chicago: Univ. of Chicago Press. 1928. Pp. xiii, 427. $4.)

Moon, P. T., editor. *Fact-finding in labor disputes: a series of addresses and papers presented at the semi-annual meeting of the Academy of Political Science.* Proceedings, vol. XIII, no. 1. (New York: Academy of Pol. Sci., Columbia Univ. 1928. Pp. 206. $2.50.)

Morley, L. H. *Unemployment compensation. A chronological bibliography of books, reports and periodical articles in English, 1891-1927.* (New York: Industrial Relations Counselors, Inc. 1928. Pp. v, 117.)

A full chronological bibliography, covering the years 1891-1927, of books and periodicals in English, prepared by Linda H. Morley, librarian. The entries are made by years, and show how the problem has engaged increasing attention in recent years.

Philip, A. *Le problème ouvrier aux Etats-Unis.* (Paris: Alcan. Pp. 561. 50 fr.)

Rosselli, N. *Mazzini e Bakounine: dodici anni di movimento operaio in Italia.* (Torino: Fratelli Bocca. 1927. Pp. viii, 444. L. 38.)

A very good contribution to economic and political history of modern Italy. The general history of the labor movement in Italy has not yet been written; and the volume of Dr. Rosselli is one of the first on the subject. It deals with the early days of Italian trade unions, in the first twelve years of United Italy (1860-1872). In those old days Italy was almost an agricultural country and industry was in gradual progress

only in northern regions; economic conditions were difficult, and the milieu was unfavorable to the rising of labor unions. Government and the higher classes of society were against the movement of working men. The movement in the early time took the form of friendly societies. During the twelve years a series of congresses took place, which were marked by conflicts of political and ethical tendencies.

This book deals in a vivid and penetrating manner with the conflict of tendencies dominated by the gigantic figure of Mazzini, contrasted by Bakounine and Marx. After a dramatic struggle the gradual development of industry and formation of a proletarian class brought an end to the labor movement, both the Mazzinian and Bakounine type. The first was nationalistic and somewhat inspired by religious ideals and by ties with the bourgeoisie; the other was permeated by anarchist and communistic ideals. On the ruin of both was created gradually during the eighties and nineties the socialistic movement dominated by Marxian ideals.

Dr. Rosselli has brought his history up to 1872, the time of the death of Mazzini. The great old man saw the end of his ideals among the laboring class; his last battle against the International Association of Marx was lost.

The book is interesting, though not analogous to the Webbs' *History*, for it deals chiefly with the political side of the movement. Perhaps too few data are given on the technicalities of trade-union organization. Too little is given to the action of the government against the unions. The author has searched with great thoroughness in many libraries, both in Italy and in foreign countries, old journals, magazines, pamphlets, etc.; but he has not had the opportunity of perusing old manuscripts and documents in the archives of trade unions (as the Webbs have done), for the spasmodic life of many Italian trade unions brought about the destruction of the archives. The history of the labor movement in the old days is difficult to write.

Mr. Rosselli announces his intention to continue the history up to the end of the nineteenth century.

RICCARDO BACHI

TAYLOR, A. G. *Labor policies of the National Association of Manufacturers.* Studies in social science, vol. XV, no. 1. (Urbana: Univ. of Illinois. 1928. Pp. 184. $1.50.)

WATKINS, G. S. *Labor management.* (Chicago and New York: Shaw. 1928. Pp. xv, 726. $5.)

WICKENS, C. H. *Labor report, 1926.* No. 17. (Melbourne, Australia: Commonwealth Bureau of Census and Statistics. 1927. Pp. 174.)

Freedom of association. Vol. II. *Great Britain, Irish Free State, France, Belgium, Luxemburg, Netherlands, Switzerland.* Studies and reports, ser. A (industrial relations), no. 29. (Geneva: International Labor Office. 1927. Pp. xii, 413. $1.25.)

Industrial lunch rooms. (New York: National Industrial Coneference Board. 1928. Pp. ix, 65.)

Labour and the nation. (London: The Labour Party, Smith Square. Pp. 50. 3d.)

Labour organization in Canada: seventeenth annual report for the calendar year 1927. (Ottawa: H. M. Stationery Office. 1928. Pp. 311. 50c.)

New York State labor law and pertinent provisions of the state departments: law, penal law, education law, general business law and domestic relations laws, with amendments, additions and annotations to August 1, 1928. (Albany: Bureau of Statistics and Information. 1928. Pp. 168.)

Prevention of industrial accidents. Questionnaire 1. (Geneva: International Labour Office. 1928. Pp. 11, xv.)

Proceedings of the twenty-fourth annual meeting of the National Child Labor Committee held in Memphis, Tennessee, May 4, 1928. (New York: National Child Labor Committee, 215 Fourth Ave. 1928. Pp. 35.)

Protection against accidents of workers engaged in loading or unloading ships. Questionnaire 2. (Geneva: International Labour Office. 1928. Pp. 9, xxi.)

Report of the ninth National Conference of Labor Women held at the Town Hall, Portsmouth, May 16 and 17, 1928, together with report of private conference on organization held on May 15. (London: The Labour Party, Smith Square. 1928. Pp. 76. 3d.)

Wages and hours of work in the coal-mining industry. Studies and reports, series D (wages and hours of work), no. 18. (Geneva: International Labour Office. 1928. Pp. xix, 279. $1.50.)

Wages in manufacturing industries, 1899 to 1927. Research series, no. 6. (Washington: Am. Fed. of Labor. 1928. Pp. 75. 10c.)

Designed chiefly as a reference book with summaries of statistics of earnings of workers.

Wages in the United States, 1914-1927. (New York: National Industrial Conference Board. 1928. Pp. xiii, 168. $2.50.)

The work of the International Labor Organization. (New York: National Industrial Conference Board. 1928. Pp. xii, 197. $2.50.)

Money, Prices, Credit, and Banking

NEW BOOKS

ANDERSON, B. M., JR. *Bank expansion versus savings.* Chase Econ. Bull., vol. VIII, no. 2. (New York: Chase National Bank of the City of N.Y. 1928. Pp. 21.)

ANDERSON, E. H. *A quantitative study of factors governing the market rate of interest.* Gen. extension div. record, vol. XI, no. 17. (Gainsville: Univ. of Florida. 1928. Pp. 14.)

COYAJEE, J. E. *India's currency exchange and banking problems, 1925-1928.* (Calcutta: The Book Co. 1928. Pp. 59. 75c.)

A reprint of articles published in newspapers, throwing light on contemporary economic problems in India.

CURRELL, S. C., compiler. *Cost and standards of living: a selected bibliography.* Bull. no. 90. (New York: Russell Sage Foundation Library, 130 E. 22nd St. 1928. Pp. 4.)

DEMARIA, G. *Le teorie monetarie e il ritorno all'oro.* (Turin: Fratelli Bocca. 1928. Pp. xiii, 245. L. 30.)

This book gives a useful summary of some of the best modern opinion on various questions of finance: the quantitative theory; the English and French monetary systems; Kemmerer's statistics; the intervention of the state in the affairs of the money-market; the effect of the war on English finance and on the subsequent deflation.

DZEN, T. Y. *Das Bankwesen in China.* Christians volkswirtschaftliches Bücherei, Band III. (Berlin: W. Christian. 1927. Pp. 143.)

FULLER, O. M. *John Muir of Wall Street. A story of thrift.* (New York: Knickerbocker Press. 1927. Pp. 321.)

FURUYA, S. Y. *Japan's foreign exchange and her balance of international payments, with special reference to recent theories of foreign exchange.* (New York: Columbia Univ. Press. 1928. Pp. 208. $3.25.)

GAUSSEL, G. *La reforme monétaire anglaise.* (Paris: Presses Universitaires de France. 1928. Pp. 160.)

HAHN, L. A. *Aufgaben und Grenzen der Währungspolitik. Eine Kritik der deutschen Währungspolitik seit der Stabilisierung.* (Jena: Fischer. 1928. Pp. 61.)

On the monetary policy of Germany in regard to the stabilization of the mark, the borrowing of foreign captial and the relation of this last to the payment of the reparations. The author criticizes the policy of Dr. Schacht and the Reichsbank, supporting his argument by means of graphs which show the relation of prices to circulation.

HAWTREY, R. G. *The gold standard in theory and practice.* (New York: Longmans Green. 1927. Pp. 124.)

In the main, the subject matter of this book is a brief and simplified treatment of some of the ground covered in *Currency and Credit* and *Monetary Reconstruction.* It contains the author's characteristic approach to an explanation of currency by way of the idea of a debt and his dynamic statement of the quantity theory of the value of money. The first two chapters are theoretical; the third is historical; the fourth deals with the problems of the present day. While originally presented in the form of four lectures delivered for the Institute of Bankers, a preliminary reading of this book may serve to make a study of *Currency and Credit* less taxing.

HERENDI, L. *A complete dictionary of banking terms in three languages (English, German, French), with alphabetic system in each of these languages.* (London: Pitman. 1928. Pp. 146, 239, 154. 21s.)

HERZFELDER, E. *Die Goldwährung als eine Fiction der Nationalökonomie.* (Berlin: Gebrüder Paetel. 1928. Pp. 146.)

JACK, D. T. *The restoration of European currencies.* (London: P. S. King. 1927. Pp. vii, 218. 10s. 6d.)

This volume is an analytical review of the stabilization of a number of European currencies. Practically, the book divides itself into an introduction and a discussion of individual countries, the introduction being the most valuable part of the book since it gives a general review of currency stabilization in Europe and its relation to prices. Throughout the entire discussion the author leans too heavily on Professor Cassell's purchasing power theory and tries to work out the internal and external purchasing power of the currencies before stabilization and at the time of stabilization. While this discussion is interesting and attacks the problem from a different angle, it lacks historical data and especially a description of

the methods used in carrying out the actual stabilization. The underlying statistical data and the statistical methods used by Mr. Jack are, however, of considerable interest.

M. N.

KANN, E. *The currencies of China. An investigation of silver and gold transactions affecting China, with a section on copper.* 2nd rev. ed. (London: P. S. King. 1928. Pp. xxxiv, 562. 30s.)

KEMMERER, E. W. *The A. B. C. of the federal reserve system. Why the federal reserve system was called into being, the main features of its organization, and how it works.* 7th rev. ed. (Princeton: Princeton Univ. Press. 1928. Pp. xiii, 211. $2.)

Originally published in 1918.

KNIFFIN, W. H. *The practical work of a bank: a treatise on practical banking which aims to show the fundamental principles of money, the practical work of a bank in detail, and particularly credit in its relations to banking operations.* 7th ed. (New York: Bankers Pub. Co. 1928. Pp. xi, 618.)

Originally published in 1915, this book has obtained much favor. The entire text for this edition has been rewritten. "A very large part of the subject is new, and such of the old as has been retained has been brought up to date."

MENG, T. and GAMBLE, S. D. *Prices, wages and the standard of living in Peking, 1900-1924.* Address delivered before the Chinese Social and Political Science Association, April 30th, 1926. Special suppl. to *Chinese Social and Political Science Rev.*, July, 1926. (Peking: Express Press. Pp. 113.)

MUNRO, N. *The history of the Royal Bank of Scotland, 1727-1927.* (Edinburgh: R. & R. Clark. 1928. Pp. 417.)

NOLAN, P. *A monetary history of Ireland.* Part 2. *From the Anglo-Norman invasion to the death of Elizabeth with an introductory essay on the Anglo-Saxon and Anglo-Norman money system.* (London: P. S. King. 1928. Pp. xl, 213. 5s.)

PANDELE, C. A. *La repartition de l'or dans le monde après l'assainissment des monnaies européenes.* (Paris: Lib. Gén. de Droit et de Jurisprudence. 1928. Pp. 326.)

RODKEY, R. G. *The banking process.* (New York: Macmillan. 1928. Pp. xii, 354. $2.50.)

SPALDING, W. F. *Dictionary of the world's currencies and foreign exchanges.* (London: Pitman. 1928. Pp. 190. 30s.)

TAO, L. K. *Livelihood in Peking: an analysis of the budgets of sixty families.* (Peking: Social Research Dept., China Foundation for the Promotion of Education and Culture. 1928. Pp. 158, xxii.)

The cost of living in the United States, 1914-1927. (New York: National Industrial Conference Board. 1928. Pp. xiii, 142. $2.50.)

The magic of compound interest: the story of the Franklin funds. (Boston: Coffin & Burr. 1928. Pp. 9.)

Report on an enquiry into family budgets of cotton mill workers in Sholapur City. (Bombay: H. M. Stationery Office. 1928. Pp. 73.)

Public Finance, Taxation, and Tariff

A Study in Public Finance. By A.C. Pigou. (New York and London: Macmillan. 1928. Pp. xvii, 323. $4.50.)

Professor Pigou presents an analysis of selected parts of public finance. Some of the material has appeared earlier, but is here reworked and extended. The abstract and, in spots, involved mathematical treatment makes the reading difficult. The arrangement is conventional in the three parts of expenditures, revenues, and loans.

In Part 1 attention may be called, first, (Chapter 2) to the principles of compensation applicable when the state must commandeer or expropriate particular items or classes of property or revoke or create private rights. Here, as throughout the book, the experiences of the late war, of which the author has been keenly observant, have yielded material for analysis. Theoretical equality between individuals and between classes demands compensation, though not necessarily at full value, even when the affected activities are deemed anti-social, as in case of the abolition of slavery or prohibition. Little or no attention is paid to the administrative difficulties involved in measuring the amount of expropriation or the ratio of proper compensation. Nor is there a solution of the problem of the extent to which the principles of compensation should go, a very important problem since the state can scarcely undertake anything that does not disturb the economic status of individuals and classes.

Secondly (Chapter 3), a useful distinction is drawn between *exhaustive* and *transfer* expenditures. The former "call out goods or services, whether for the government's own use or for payment to foreign creditors"; they involve the using-up of a part of a community's resources. The latter, as such, do not use up any resources, and may be exemplified by internal debt payments. Significant though this distinction is, and effectively as it is used in exposing popular fallacies, the line of separation appears not well drawn. Thus external debt payments are called exhaustive while internal debt payments are deemed mere transfers. It is difficult to see how either payment, as such, exhausts anything. Both are non-governmental-cost payments. In both cases assets are parted with and liabilities extinguished. True, all other things equal, a nation is *pro tanto* better off if its debt is internal; but that superior position is antecedent to, and not affected by, the payments considered.

Part 2, on public revenues, is the most important division. The *least aggregate sacrifice* is accepted as the ultimate principle of tax apportionment, being deducible from the unquestioned propostion that it is the function of the state to promote to the highest degree possible

the welfare of the citizens. Unfortunately the quest for the least sacrifice is handicapped in that the tax formulas (the object of assessment and the rate of tax) must be uniform to all payers, and as simple as possible. It is impossible to develop a tax formula, or a series (such as make up any tax system) that will apportion taxes in conformity with the least sacrifice principle. But before making this confession the author presents a mathematical series of families of tax formulas, which despite the author's invitation (footnote, pp. 64, 65) the reviewer is not equipped to extend.

The handicap is accentuated by the fact that the different tax formulas, in announcing the taxpayers' liabilities, cause them to modify their conduct, partly to escape the tax and partly because the tax reduces the income. Except for these *announcement aspects*, least sacrifice would tend to be attained for taxpayers whose incomes are equal and whose *marginal sacrifices* are equal. The desideratum of equi-marginal sacrifice is only slightly modified in favor of the rich, since it would hinder their saving disproportionately and thereby ultimately deter capital accumulation, and in favor of the poor since it would decrease their efficiency, thus tipping the scales against the moderately well-to-do. On theoretical as well as on practical grounds these latter considerations are controlling.

Though the author rejects and effectively disproves *equal sacrifice* as an ultimate principle, he does present the structure of an equal sacrifice income tax. Having adjusted taxable income on account of the impossibility of taxing psychic income and other familiar circumstances, he presents, in terms of calculus, a tax formula that would produce equality of sacrifice. But in making this formula concrete, he like all others runs squarely up against the fact that no one knows the nature of a generally serviceable income-utility curve. The conclusion, therefore, does not go far beyond the not unfamiliar proposition that, to produce equality of sacrifice, the tax must be proportional if the curve is a rectangular hyperbola; progressive, if the curve is steeper; and regressive, if it is flatter. Beyond this contingent proposition, Sidgwick's instinctive feeling that the tax must be progressive is favored.

The analysis appears to best advantage in the chapter of "Differentiation in taxation between different sorts of expenditures." Briefly and incisively a case is made "for some measure of differentiation as against a tax system which, after the manner of an income tax, draws no distinction between the various ways in which income is expended." But it is also made clear that such differentiation must be in the nature of a compromise, because the various criteria point to different and conflicting types of differentiations. Considering the *announcement as-*

pects alone, if commodities are taxed, it should be at rates which "become progressively higher as we pass from the uses of very elastic demand or supply to uses where demand or supply are progressively less elastic" since thereby the reduction in consumption caused by the tax, and hence the sacrifice, will be a minimum. Considering, on the other hand, the *distributional aspects* alone, conflicting objectives appear; for even in the simplest case, of persons of equal income and in equal economic situations, there are different tastes and consumption habits, causing unequal distribution; and in case of persons of unequal incomes, such a progressive scale of taxation, or even a proportional scale, as the least sacrifice principle demands, can only be approximately "constructed on the basis of a number of commodity taxes with rates steepening as we pass from commodities mainly purchased by the poor to those mainly purchased by the rich." Technique and costs of collection further limit the feasible differentiation. And such as are both feasible and theoretically proper are not always compatible with "the main body of differential taxes that are likely to find advocates among practical politicians dependent upon votes and subject to the pressure of powerful interests."

Passing over a number of subjects, such as taxes on general expenditures, preferential taxes on earned as against unearned incomes, comparison of property and income taxes, death duties, land-value taxes, taxes on monoply revenue, and windfalls, attention is called to the last section of Part 2, in which it is recognized that a country's tax system must take account of international relations. (1) The migration of Britishers, with or without their capital, is given short shrift; and as for other countries the question is not raised. (2) Direct taxes upon foreigners are possible only within narrow limits; double taxation, say, of income both according to origin and residence of owner should be avoided by means of treaties and possible compensation, as being unethical save possibly in case of retaliation. (3) In a mathematical treatment the incidence of taxes on foreign trade is discussed (almost the only incidence analysis in the book) largely to the end of determining whether or not and to what extent it is possible to "tax the foreigner." The conclusion is that for the United Kingdom this is almost impossible; and, if possible, it is on ethical grounds undesirable. (4) Protective duties are discussed, in British fashion, separately from taxes on foreign trade. Perhaps it is the post-war economic situation that induced the flirting with the protectionist doctrines of List, and led to the hesitating conclusion that in the United Kingdom a nationalist policy *might* require protection. At that point arises the spectered fear that governments may not be safely trusted with the tariff, a consideration that should be sagely pondered in the United States.

"Finance by borrowing" is the subject of Part 3, and must be passed over briefly. Even in emergencies the case for taxes as against loans is strongly presented. Shifting to future generations is largely imaginary. Expediency is the chief justification for borrowing. The final chapter discusses the capital levy as the lifter of the war debt. It is deemed of limited usefulness, particularly in view of the delay already incurred since the origin of the debt.

Professor Pigou possesses exceptional technique and tools of the trade. Any intelligent reader (and others cannot safely venture) must feel that, having followed the inquiry, he has not surveyed the entire field, but visited hitherto unexplored recesses of the labyrinth of the theory of public finance in charge of a competent guide.

Jens P. Jensen

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NEW BOOKS

Czechowicz, G. *A budget speech.* (Warsaw: Ministry of Finance. 1928. Pp. 35.)

Dexter, P. and Sedgwick, J. H. *The war debts: an American view.* (New York: Macmillan. 1928. Pp. vii, 173. $1.50.)

Földes, B. *Finanzwissenschaft.* (Jena: Fisher. 1927. Pp. xiv, 683. Mk. 30.)

The first Hungarian edition of this volume was written in 1900; the first German edition appeared in 1919, and the present revision late in 1927. Despite its 677 pages of text, the book does not give the reader the impression of completeness. It is the inadequacy of treatment—the necessary condensation in a general "Lehrbuch" of this character that annoys the reader. While the book is encyclopædic, the heavy factual content is well balanced with a discussion of underlying theories.

One of the outstanding contributions of Földes' treatise lies in the care with which he surveys the changes in fiscal legislation since the World War. His intimate knowledge of the practical aspects of public finance is apparent. Out of a wealth of experience and extensive reading he has written a book which—despite certain obvious defects—should be highly commended. However, it might have been better if Földes had not attempted to include as much "background" and had emphasized the fiscal problems and experiences of the World War and its aftermath. Such a volume would have been more useful to the student of public finance.

Felix Flügel

Gerloff, W. and Meisel, F. *Handbuch der Finanzwissenschaft.* Band II, Lieferungen 24-28. Band III, Lieferungen 1-3. (Tübingen: Mohr. 1927. 1928. Pp. 545-615; 1-160.)

The final part of volume II completes the treatise on public debts and the technique of their management. Volume III begins with an account of the financial systems of Germany, Great Britain and France, and of their development before and after the war.

Kuczynski, R. *Innere Anleihen Sowjet-Russlands.* (Berlin: Verlag der Finanzpolitischen Korrespondenz. 1928. Pp. 24.)

Lehman, H. H. *The finances and financial administration of New York City. Recommendations and report of the sub-committee on budget, finance and revenue, of the city committee on plan and survey.* (New York: Columbia Univ. Press. 1928. Pp. lxxii, 361. $3.)

An elaborate report, prepared under the supervision of Herbert H. Lehman, Lindsay Rogers, Howard Lee McBain and Robert Murray Haig, consultants to the sub-committee. Many specialists cooperated in the several chapters dealing with the budget and revenue.

Leland, S. E. *The classified property tax in the United States.* (Boston: Houghton Mifflin. 1928. Pp. xiv, 492. $3.50.)

Lindahl, E. *Jämförande undersökning av industriens beskattning i Sverige och utlandet.* (Stockholm: Sveriges Industriförbound. Pp. 57.)

Nitti, F. *Principes de science des finances.* Translated into French by Stefan Freund. Vols. I and II. (Paris: Marcel Giard. 1928. Pp. 439, 470. 100 fr.)

Francesco Nitti's well known treatise on public finance, originally published in Italy in 1903, has made its appearance in a French translation (from the fifth edition) by Stefan Freund. Although Freund's translation appeared in 1928, no consistent attempt was made by the author to include in this edition the more recent changes in fiscal legislation in the countries included in his survey, *e.g.*, the German legislation of 1925, and the revision of the income tax in the United States and Great Britain in the last three or four years. These omissions might be excusable if the author had restricted himself to the study of the principles of public finance. Nitti, however, presents at considerable length the history of fiscal legislation. One would, therefore, expect to find at least a supplementary chapter or a more thorough revision of the original text to remedy this omission. The present French edition appears in two volumes. The first ten chapters of volume I represent a distinct contribution to the field of public finance. Most of the material contained in the remainder of this volume and in volume II is covered in other authoritative volumes in far greater detail, *e.g.*, in the writings of Seligman and numerous special reports of tax commissions in Great Britain, etc.

In the hands of inexpert typesetters and proof-readers a large number of typographical errors and inconsistencies appear throughout the text, and where the full titles of books are given, these are not always correctly quoted. Thus Professor Lutz's *The State Tax Commission* is referred to as *The State Tax Comunism* (vol. II, p. 137) and Professor Seligman's, *Shifting and Incidence of Taxation* is quoted as the *Shipping and Incidence of Taxation* (vol. I, p. 331). In the bibliographical footnote on page 159, vol. II, Max West's, *The Inheritance Tax* is listed twice, once under West (first edition and once under Max-West (second edition.) Although trivial, these errors are irritating and should be corrected in the next edition.

Felix Flügel

Olcott, M. T. *Taxation and the farmer: a selected and annotated bibliography.* Agric. econ. bibliography no. 25. (Washington: Supt. Docs. 1928. Pp. v, 190, mimeographed.)

Pilavachi, A. C. *La politique douanière des trois principaux états européens et celle de la Société des Nations.* (Paris: Guillon. 1928. Pp. 419.)

1928 federal income tax law: new provisions explained: text of statute. (New York: Commerce Clearing House, 120 Broadway. 1928. Pp. 136.)

Income taxes in the British dominions. A digest of the laws imposing income taxes and cognate taxes in the British dominions, colonies, protectorates, etc. 2nd ed. (London: H. M. Stationery Office, Publications Div., Publicity Section. New York: British Library of Information, 5 E. 45th St. 1928. Pp. 406. 5s.)

First edition was published in 1923. This is a useful compendium compiled in the Inland Revenue Department, London. The laws digested include the self-governing dominions as well as British India, the colonies and protectorates.

A model municipal budget law. Submitted by the committee on a model municipal budget law of the National Municipal League. Supplement to the *National Municipal Review*, July, 1928. (New York: National Municipal League, 261 Broadway. 1928. Pp. 437-445.)

Statistics of municipal finances for city and town fiscal years ending between November 30, 1926, and March 31, 1927: twenty-first annual report of the Commonwealth of Massachusetts. Public doc. no. 79. (Boston: Mass. Dept. of Corporations and Taxation. 1928. Pp. xxvii, 299.)

Die Tarifverträge im Deutschen Reiche am 1. Januar 1927. Nebst einem Anhang, *Die Reichstarifverträge am 1. Januar 1928.* Herausgegeben vom Reichsarbeitsministerium. (Berlin: Reimar Hobbing. 1928. Pp. 16*, 48.)

Population and Migration

NEW BOOKS

Bogardus, E. S. *Immigration and race attitudes.* (New York: Heath. 1928. Pp. 279. $1.80.)

Gonnard, R. *Essai sur l'histoire de l'émigration.* (Paris: Libr. Valois. 1928. Pp. 368. 18 fr.)

Grant, M. and Davison, C. S. editors. *The founders of the republic on immigration, naturalization and aliens.* (New York: Scribner. 1928. Pp. 104. $1.)

Herskovits, M. J. *The American negro. A study in racial crossing.* (New York: Knopf. 1928. Pp. xiv, 92.)

Dr. Herskovits has compressed into a small book the main results, hitherto published in a series of technical papers, of some years of first-hand anthropometric work on American negroes, mainly in Harlem, Howard University, and rural West Virginia. He wastes no words, and makes a very readable and popular exposition of an important subject.

By a clever combination of genealogical and biometric studies, he sets up strong evidence for, if he does not establish, the conclusion that (1) there is a much greater intermixture of white and Indian blood in the negro population than is ordinarily recognized, (2) physical traits in the negro population have an unexpectedly low variability, compared with other population groups. From these he draws the inference that the American negro is establishing, if he has not already established, a physical type that is as little variable as any of the unmixed parent stocks from which he has sprung. This homogeneity, Herskovits thinks, is the result of a sharp decrease in the amount of crossing between whites and negroes in this country.

After giving evidence to show that the populations which he has measured are truly representative samples of the general negro population in the United States (and probably in the West Indies also), he shows that the negro type is such a blend of ancestral types that it is about equidistant between the typical African on one hand and the typical European and American Indian on the other. The new type "is not like any type from which it has come; it is not white; it is not negro; it is not Mongoloid. It is all of them, and none of them."

The mechanism by which this American negro type has come about lies, he thinks, in marital selection guided by the prestige of the dominant white culture. He gives evidence, statistical and otherwise, to show that among negroes themselves those of lighter color have certain social and economic advantages.

In a chapter on the negro's significance for the study of race, Herskovits takes issue, on the basis of his own data, with those anthropologists who hold that low variability is an index of purity of race. Incidentally he notes that the data do not seem to show any tendency to act according to the requirements of the Mendelian hypothesis.

The research of which this volume gives a popular summary is evidence that we are beginning to get down to objective quantitative methods, in this country, in the study of the fundamental facts upon which, and upon which only, valid judgments in the American race problem can be established. It is a laborious and a brilliant piece of work, and we must regret that there are not more students of race problems capable of work of this type.

A. B. Wolfe

Sanger, M., editor. *Proceedings of the World Population Conference, held at Geneva, August 29th to September 3rd, 1927.* (London: Edward Arnold & Co. 1927. Pp. 383.)

This is undoubtedly one of the few important works recently published relating to population problems. It represents the theories and points of view offered at the six sessions of this Geneva conference by upwards of one hundred and twenty-five biologists, statisticians, demographers, economists, and other scholars representing the leading nations of the world.

The opening session was given over to papers by Pearl and Niceforo on the biological aspects of population growth; while the second session dealt with food supply, standards of living and the theory of the optimum. Of these papers H. P. Fairchild, East, Bourdon, Das, Gini, and Carver were the authors. The third session concerned itself primarily with differential rates of increase in England, France, Germany, Italy, Holland, and Sweden (papers by Carr-Saunders, March, Grotjahn, Gini, Methorst, and Edin, respectively) as well as with the psychology of the falling birth-rate (Tandler). The discussion of fertility and sterility (fourth meeting) was ably started by Dr. F. A. E. Crew, and joined by fifteen others. In the session on migration, Mr. Albert Thomas, director of the International Labor Office, read the first paper ("International Migration and its Control"), criticisms or elaborations being offered by no less than twenty-four others. Other contributions made at this session came from Gregory, Koulisher, Livi, and Wickens. During

the last session a miscellaneous group of papers was offered, chief among them being perhaps Lidbetter's study into the heredity of pauperism in London by the use of geneological methods and a control group.

Pearl's paper on "The Biology of Population Growth" offered little not to be found in his works published up to that time, with the exception that his laboratory had recently shown that mere density of population (in *drosophila melanogaster,* or common fruit fly used in the experiments) reduces fecundity, *i.e.,* the number of eggs laid (p. 36). Pearl reiterated at the conference his opinion that the logistic curve usefully described the population growth phenomena of various biological forms of life including man in various countries. He also contended that the logistic curve had great predictive value and that it did take into account second and third order variables. Economic forces were of comparatively little importance in population growth when compared with the primary factors of natality and mortality.

In the discussion which followed, J. B. S. Haldane suggested that "changes in social organization" might well contain causes which would "definitely upset the predictions made on the basis of the logistic law" (p. 39). Dr. R. A. Fisher, statistician of the Rothamsted Experiment Station, in one of the ablest criticisms offered during the whole conference, dwelt at length on the "failure of the logistic curve," citing the evidence of Yule that the curve as fitted to the English population over-estimated the population after 1921 and under-estimated it in the eighteenth century. The same critic called attention (p. 45) to the discrepancy between the logistic-predicted figures of the population of England and Wales, and Bowley's data obtained by what seems to be a more reliable method. Dr. Fisher also took issue with Professor Pearl's opinion as to the relationship between economic and social events and population growth, declaring that he saw no "close connection between these experiments and our human populations" (p. 46). "The chief drawback of the curve, as applied, to human populations," Fisher avers, "is the assumption that relative growth is determined only by the size of population." In the opinion of Professor Rappard of Geneva it was mere chance that the logistic curve fitted the growth of the American population. On the other hand, Dr. F. J. Netusil of the Prague Ministry of Health was quite confident that the curve was a "real expression" of "biological law," adding that it fitted the figures for the growth of population in Bohemia. Dr. van Herwerden posed some relevant questions. In reply, Pearl seems to have misunderstood at least some of Fisher's points. But it is significant that he virtually gave up his contentions as to the predictive value of the curve. Economists would hardly agree with Pearl's assertion that economic and social forces are of "relative unimportance" compared with natality and mortality; for it must be admitted that, in human society especially, economic and social forces condition to no inconsiderable degree the operation of the "primary" factors of natality and mortality.

Quite beyond the scientific value of this conference is the fact that there has grown out of it a permanent International Population Union for the scientific study and discussion of population problems. (See *Journal of the American Statistical Association,* March, 1928, p. 190.)

NORMAN E. HIMES

WICKENS, C. H. *Summary of Australian population and vital statistics, 1926 and previous years.* Australian demography, bull. no. 44. (Melbourne: H. M. Stationery Office. 1927. Pp. 276.)

Age distribution and relative earning capacity of our American population. Statistical bull., vol. IX., no. 8. (New York: Metropolitan Life Insurance Co. 1928. Pp. 11.)

Recensement de la population du 17 décembre, 1926. (Moscow: L'Administration Centrale de Statistique de L'U. R. S. S. 1927. Pp. xi, 63.)

This publication is of greater importance than its brevity might suggest. The only Russian census prior to the war was that of 1897; but it did not cover certain districts subsequently incorporated into Russian territory. The war, the revolution, famine, and all their attendant commotion, produced profound changes in population—in total numbers, in geographical distribution, in urban-rural ratio, in sex and age distribution, and in distribution by social position and occupation. Even in 1920, in the midst of chaotic internal conditions and the war with Poland, the soviet authorities felt keenly the pressing need of a new population census. An attempt was made, but the results were far from satisfactory, on account of the unavoidable omission of certain important territories, and Minsk provinces, the Ukraine, and Daghestan especially. In the central provinces errors of enumeration exceeded 10 per cent, and elsewhere the errors were far greater.

Giving up the desire for a general census, like that of the United States, the soviet government in 1926 provided for a population census as of December 17, 1926. The present thin volume is the result, so far as the enumeration by districts, sex distribution, and urban and rural population are concerned. The original schedules, however, provided questions on age, ethnical origin, mother tongue, place of birth, length of time resident in present domicile, conjugal condition, literacy, physical defects and mental disease, occupation and unemployment.

There are six tables, namely:

(1) Territory, administrative units, urban and rural "places," populations, results by "regions and subdivisions of regions."
(2) The same—with results by districts and "arrondissements."
(3) Urban and rural "places" classified by number of inhabitants.
(4) Urban and rural population by sex.
(5) and (6) Urban population, "presente et de séjour habituel."

The total population of all Russian territory is put at 146,989,450, 6.9 per square kilometer. Table II gives urban and rural (neither term defined) population for the great administrative areas, but no summary for the whole country. A curious inclusion in this table is the average number of inhabitants for "rural places" and for urban and rural together. From Table III it may be inferred that in all Russian territory 36 per cent of the population is in "places" of over 2,000, though somewhat unexpectedly the percentage in the Central Industrial Region is only 30.0. Table IV, on sex distribution, indicates a heavy surplusage of women in nearly all Russia, including most of Siberia, except the outlying and remote regions, chiefly in Asia. In some places the females

per 1,000 males number 1,200 or higher. For the whole country the figure is 1,069. Some of the figures are partly estimates.

An introduction, by O. Kvitkine, describes the administrative organization of the census.

A. B. Wolfe

Statistical report of infant mortality for 1927 in 716 cities of the United States. (New York: American Child Health Assoc. 1928. Pp. 27.)

Social Problems and Reforms

NEW BOOKS

Colbourne, M. *Unemployment or war.* (New York: Coward-McCann. 1928. Pp. 314. $3.)

Gillin, J. L., and others. *Social problems.* (New York: Century. 1928. Pp. 544. $3.75.)

Gettell, R. G. *History of American political thought.* (New York: Century. 1928. Pp. ix, 633. $4.)

Groves, E. R. *An introduction to sociology.* (New York: Longmans Green. 1928. Pp. 576. $3.)

Haig, R. M. and McCrea, R. C. *Major economic factors in metropolitan growth and arrangement. A study of trends and tendencies in the economic activities within the region of New York and its environs.* Vol. I. (New York: Regional Plan of N.Y. and Its Environs. 1927. Pp. 111.)

Hanmer, L. F., and others. *Public recreation: a study of parks, playgrounds, and other outdoor recreation facilities.* Vol. V. (New York: Regional Plan of N.Y. and Its Environs. 1928. Pp. 256. $3.)

Hartman, E. T. *Zoning decisions.* Bull. no. 22. (Boston: Massachusetts Federation of Planning Boards. 1928. Pp. 39.)

Decisions of the Supreme Court of Massachusetts and the United States Supreme Court.

Hertzler, J. O. *Social progress: a theoretical survey and analysis.* (New York: Century. 1928. Pp. 610. $4.)

Jordan, V. *American industry's interest in our new international economic position.* Address delivered at 12th annual meeting of the National Industrial Conference Board in New York City, May 17, 1928. (New York: National Industrial Conference Board. 1928. Pp. 11.)

Kelso, R. W. *The science of public welfare.* (New York: Holt. 1928. Pp. 440. $3.50.)

O'Grady, J. *An introduction to social work.* (New York: Century. 1928. Pp. 408. $2.50.)

Rice, S. A. *Quantitative methods in politics.* (New York: Knopf. 1928. Pp. xxii, 331.)

Schramm, G. L. *Piedpoudre courts. A study of the small claim litigant in the Pittsburgh district.* (Pittsburgh: Legal Aid Society. 1928. Pp. xi, 219.)

A thorough, interesting, and useful study of the experience of the poor in relation to small claims. Although primarily a study of the administration of justice, it is a contribution to a social survey.

Shannon, F. A. *The organization and administration of the Union army,*

1861-1865. Vols. I and II. (Cleveland: Arthur H. Clark Co. 1928. Pp. 323; 348. $25.)

Shaw, G. B. *The intelligent woman's guide to socialism and capitalism.* (New York: Brentano's. 1928. Pp. 541. $3.)

Sikes, E. R. *State and federal corrupt-practices legislation.* (Durham: Duke Univ. Press. 1928. Pp. 321. $3.)

Simonds, and Thompson. *American way to prosperity.* (Chicago: Shaw. 1928. Pp. 249. $3.)

Smith, D. H. *The United States civil service commission: its history, activities and organization.* Service monographs of the U. S. govt., no. 49. (Baltimore: Johns Hopkins Press. 1928. Pp. xii, 153. $1.50.)

Tao, L. K. *Livelihood in Peking.* (Peking: Social Research Department, China Foundation for the Promotion of Education and Culture. 1928. Pp. 158, xxii.)

A study of family budgets, showing income and expenditures, covering a period of six months. The investigation was made possible through a subvention of the Institute of Social and Religious Research of New York.

Thompson, J. G. *Urbanization: its effects on government and society.* (New York: Dutton. 1927. Pp. xiii, 683. $6.)

Everyone knows that our city population has increased tremendously in the last century and that now about 60 per cent of our population lives in urban communities, and over 50 per cent in cities with a population of 2,500 and up. The causes of this trend toward the cities have been investigated many times by historians and economists, who have pointed out that although it existed before the eighteenth century, it became a world-wide phenomenon following upon the Industrial Revolution.

Mr. Thompson's book, however, is not devoted to a re-examination of the causes of this urban movement. He is especially interested in its results in many parts of the world, viewed primarily, although not exclusively, from the political point of view. After introductory chapters dealing with "The rural bias" and its converse, "The urban bent," Mr. Thompson takes up the effect of the city and city life upon the following: civil liberty, economic freedom, democracy, public spirit, the efficiency of government, economic efficiency, health, morals, religion, war, political knowledge, initiative, inventiveness, activity, leadership, and purity.

In many respects this book is a defense of the city against the many charges which have been heaped upon it by hundreds of writers with a rural bias, from the Greeks to the physiocrats, and from the physiocrats to the modern eugenicists. Mr. Thompson tries to evaluate the many diverse judgments which have been expressed about urban life, and especially to contradict the disparagement and depreciation of that life. His own view is that the city is a good place to live in, and that its good outweigh its bad points. He says—and he submits long historical chapters as proof—that the city develops political capacity, activity, and leadership, and that it has been an important factor in the growing economic efficiency. He denies the validity of the opinion, widely held, that city life injures the health and physique of its residents. He also says that it is not unfavorable to the development and maintenance of religion and a sound morality.

It is doubtful whether Mr. Thompson has proved all of his case.

Indeed, he has probably attempted to prove too much; and his own conclusions are contradicted by too many other scholars. This is not to say that he is therefore wrong; but in many instances he has been forced to explain away facts and deductions which are against his thesis. Furthermore, he does not always gain by using material and statistics from other countries with different histories, traditions, and customs, especially when he lumps together in a single paragraph facts from several countries.

MAURICE G. SMITH

WALKER, S. H. *Social work and the training of social workers.* (Chapel Hill: N. C. Univ. Press. 1928. Pp. xiii, 241. $2.)

WEBER, G. A. *The food, drug, and insecticide administration: its history, activities and organization.* Service monographs for the U. S. govt., no. 50. (Baltimore: Johns Hopkins Press. 1928. Pp. xii, 134. $1.50.)

Building character. Proceedings of the Mid-West Conference on Parent Education, February, 1928. (Chicago: Univ. of Chicago Press. 1928. Pp. 351. $1.)

The economic effects of education as shown by statements of economists. Bull. of the School of Educ., vol. IV, no. 5. (Bloomington: Indiana Univ. 1928. Pp. 39. 50c.)

Insurance and Pensions

NEW BOOKS

ACKERMAN, S. B. *Insurance: a practical guide for various forms of coverage, the policy contracts and the protection afforded customers.* (New York: Ronald. 1928. Pp. ix, 609. $5.)

DORN, H. and others, editors. *Festgabe für Alfred Manes aus Anlass seiner 25 jahrigen Tätigkeit als Vorstand des Deutschen Vereins für Versicherungs Wissenschaft.* (Berlin: Mittler. 1927. Pp. xi, 337.)

This anniversary publication in honor of Alfred Manes covers a wide range of topics in its twenty contributions from as many distinguished men. It is a timely volume in view of the magnitude and variety of new problems in the field of insurance occasioned by post-war conditions. Edwin Patterson reviews the history and statue of insurance supervision in the United States. Joseph Cohen of the University of Cambridge presents a strong case for family group insurance. He finds that "there is no evidence that family endowment will have a diseugenic effect" nor that the "scheme must necessarily impose a new burden on industry" or that it will reduce savings.

Limitations of space forbid even the enumeration of titles of the other topics. Significant is the attention paid to problems of insurance arising out of migration of workers to other countries, as is also the treatise of Oswald Stein on the growth of international law in social insurance.

Woerner's article on prevention of accidents as a part of the efficiency program of industry summarizes the methods and means adopted by the government and industry in seeking to prevent accidents. In his account of the extent of economic loss occasioned by accidents, he proposes that systematic instruction in safety first principles should be

given in the public schools. It is refreshing to note his emphasis on the need of placing greater reliance on the education of the worker rather than on elaborate governmental regulations.

WALTER E. ROLOFF

GOLDMANN, F. and GROTJAHN, A. *Benefits of the German sickness insurance system from the point of view of social hygiene.* Studies and reports, series M (social insurance), no. 8. (Geneva: International Labour Office. 1928. Pp. xii, 188. $1.)

KULP, C. A. *Casualty insurance.* (New York: Ronald. 1928. Pp. x, 610. $6.)

This volume does for those interested in the rapidly growing branches of casualty insurance the same thing that has long been done in the life, fire, and marine fields—namely, provides them with a single treatise of the subject. Nearly half the book deals with employers' liability and workmen's compensation, by far the most important casualty line. Other lines considered are automobile, public liability and property damage, compulsory automobile liability, burglary, theft, and robbery, plate glass, power plant, credit, check alteration and forgery, accident and health, and miscellaneous damage insurance.

Casualty insurance is categorically delimited as that which provides indemnity: (1) for *all* losses arising out of the insured's legal liability for the safety and well-being of the *persons* and *property* of others; (2) for *certain specified* losses arising out of accidents to the *person* or to the *property* of the *insured.* A comprehensive treatment of third party insurance in Part 2 is the backbone of the book. It covers the basis of legal liability, the number, prevention and incidence of industrial injuries, employers' liability, origins and principles of workmen's compensation, types of carriers, reinsurance, state regulation, the insurance contract, manual and merit rates, and automobile liability insurance. The cost of workmen's compensation is by no means inconsiderable. In 1926 the employers of the United States paid out in premiums to stock and mutual companies alone nearly $200,000,000. Yet the difficulties faced by the casualty stock companies of maintaining adequate rates for their compensation business are serious. The ten-year average underwriting loss of these companies from 1917 to 1926 was 2.1 per cent.

This work fills a need for a textbook for colleges, not merely as the first available, but as being well adapted for the purpose by its contents and organization. It should also interest many practical insurance men who must continue to be students of newly developing problems.

F. E. WOLFE

SENIOR, L. S. *History of ratemaking organizations and theory of schedule and experience rating.* Howe readings in insurance, no. 8. (New York: Insurance Soc. of N.Y. 1928. Pp. 42.)

TALIAFERRO, T. C. *Cotton.* (New York: Insurance Soc. of N.Y. 1928. Pp. 15.)

A lecture given before senior students in fire insurance, March, 1928.

WRIGHT, C. and FAYLE, C. E. *A history of Lloyd's from the founding of Lloyd's Coffee House to the present day.* (London: and New York: Macmillan. 1928. Pp. 475. $10.)

Annual cyclopedia of insurance in the United States. (New York: G. R. MacKay. 1928. Pp. 600. $3.)

Handy chart of casualty, surety and miscellaneous insurance companies showing the financial standing and business for ten years ending January 1, 1928. (New York: Spectator Co. 1928. Pp. 96. $1.25.)

Life insurance policy holders' pocket index, showing the condition and standing of American and Canadian life insurance companies for five years ending January 1, 1928. (New York: Spectator Co. 1928. Pp. 119. $1.25.)

Proceedings of the sixty-second annual meeting of the National Board of Fire Underwriters, May 24, 1928. (New York: National Board of Fire Underwriters. 1928. Pp. 162.)

Socialism and Co-operative Enterprises

NEW BOOKS

BOISSONNADE, P. *Le socialisme d'état, l'industrie, et les classes industrielles en France pendant les deux premiers siècles de l'ère moderne (1453-1661).* (Paris: Libr. Ancienne Honoré Champion. 1927. Pp. 380. 60 fr.)

DEMAN, H. *The psychology of socialism.* Translated from 2nd German ed. by E. and C. PAUL. (London: Allen and Unwin. 1928. Pp. 509. 16s.)

GOULD, F. J. *Hyndman, the prophet of socialism, 1842-1921.* (London: George Allen & Unwin. 1928. 10s. 6d.)

HEARNSHAW, F. J. C. *A survey of socialism; analytical, historical, and critical.* (New York: Macmillan. 1928. Pp. 485. $6.)

HUMPHREY, A. W. *The modern case of socialism.* (New York: Macmillan. 1928. Pp. 272. $4.50.)

PARETO, V. *Les systèmes socialistes.* Vols. I and II. (Paris: Bibliothèque Internat. d'Econ. Pol. 1928. Pp. 494. 60 fr.)

Statistics and Its Methods

NEW BOOKS

AFTALION, A. *Cours de statistique.* (Paris: Presses Universitaires de France. 1928. Pp. 319. 40 fr.)

CHADDOCK, R. E. and CROXTON, F. E. *Exercises in statistical methods.* (Boston: Houghton Mifflin. 1928. Pp. vi, 166. $1.75.)

FISHER, R. A. *Statistical methods for research workers.* (New York: G. E. Stechert. 1928. Pp. 269. $5.)

KIRKUS, A. E. *Railway statistics: their compilation and use.* (London: Pitman. 1928. Pp. xi, 134.)

ROY, R. *Les index économiques.* (Paris: Sirey. 1928. Pp. 71. 12 fr.)

SCHULTZ, H. *Statistical laws of demand and supply, with special application to sugar.* (Chicago: Univ. of Chicago Press. 1928. Pp. xix, 228. $3.)

Industrielle Produktionsstatistik: Sammlung produktionsstatistischer Nachkriegszahlen bis zum Jahre 1926 mit Ergänzungen bis zum Jahre 1927. Sonderhefte zu Wirtschaft und Statistik, herausgegeben vom Statistischen Reichsamt, Nr. 4. (Berlin: Reimer Hobbing. 1928. Pp. 82.)

PERIODICALS

The Review is indebted to R. S. Saby for abstracts of articles in Danish, Dutch, and Swedish periodicals; to Ralph Radcliffe Whitehead for abstracts of articles in Italian periodicals, and to Harold A. Innis for abstracts of Canadian articles.

Theory

(Abstracts by Morris A. Copeland)

Bacon, D. C. *Significance of fixed base and link relatives in studies of price stability.* Jour. Am. Stat. Assoc., Sept., 1928. Pp. 8. "Percentage-of-trend relatives .... would be more significant for problems of price stability."

Bordin, A. *Alcune considerazione sulla teoria matematica dell' equilibrio economico.* Giorn., degli Econ., Feb., 1928. Pp. 31. On the mathematical theory of the economic equilibrium.

Bouniatian, M. *Theory of economic cycles based on the tendency toward excessive capitalization.* Rev. Econ. Stat., May, 1928. Pp. 17. A summary of his theory of the tendency to excessive accumulation of social capital.

Burchardt, F. *Entwicklungsgeschichte der monetaren Konjunkturtheorie.* Weltwirtsch. Archiv., July, 1928. Pp. 65. A critical review of the theories of Wicksell, Fisher, Miser, Hawtrey, and Hahn, and their classical predecessors.

Clark, J. M. *Inductive evidence on marginal productivity.* Am. Econ. Rev., Sept., 1928. Pp. 20.

Ely, R. T. *Land income.* Pol. Sci. Quart., Sept., 1928. Pp. 20. Calls attention to costs due to waiting ("ripening costs"), and managerial and marketing costs as factors in land income. "Unearned increment" in land or other investment arises out of personal "group relationships" or connections.

Farris, E. *Attitudes and behavior.* Am. Jour. Soc., Sept., 1928. Pp. 11. Behaviorism is an inadequate psychology for the social scientist, since it leaves out of consideration such subjective elements as desire and attitude.

Florence, P. S. *Irrtümer einer Wirtschaftstheorie ohne statistische Grundlage.* Archiv. f. Sozialwiss. und Sozialpolitik, 59 Band, 3 Heft. Pp. 31. Statistical verification is complementary to, not a substitute for, theory. It can test the accuracy of assumptions and their relevance to actual conditions.

Foa., B. *Vecchie e nuove controversie sulla teoria del commercio internazionale.* Economia, Aug., 1928. Pp. 7. A criticism of Professor Angell's book, *The Theory of International Prices.*

Friday, D. *Elementary course in economics.* Jour. Home Econ., Aug., 1928. Pp. 6. The concept of national income should be a good nucleus around which to organize the hitherto unassimilated finding of home economics, business economics, studies of public regulation, etc., into a coherent system.

Herrick, C. J. *Behavior and mechanism.* Social Forces, Sept., 1928. Pp. 10. A radically mechanistic hypothesis offers a promising, scientific basis for the investigation of human nature. Physical science has created great social problems. Science applied to education may be expected to change human nature, and accomplish what thousands of years of moral precept and religious authority have failed to accomplish.

Himes, N. E. *The place of John Stuart Mill and of Robert Owen in the history of English Neo-Malthusianism.* Quart. Jour. Econ., Aug., 1928. Pp. 14. Mill was probably a passive believer in Neo-Malthusianism even in his later years. Owen's connection with the movement appears to be mythical.

House, F. N. *Social change and social science.* Social Forces, Sept., 1928. Pp. 6. While social change requires changes in much of social science, some theories of social evolution may be independent of specific cultural situations.

Moffat, J. E. *Nationalism and economic theory.* Jour. Pol. Econ., Aug., 1928. Pp. 30. Historically, laissez-faire economic doctrines have been as truly developed as planks in a nationalistic platform as have mercantilist theories.

MONROE, A. E. *Cost and its relation to value.* Quart. Jour. Econ., Aug., 1928. Pp. 34. Given free competition within a number of markets, the amounts of each physical factor of production, and the desires for products and desires to avoid labor (all for one date), "normal" prices are determinate and "circularity" is not involved. Friction between markets produces lags and discrepancies in actual prices. Entrepreneur expenses are part of the adjustment mechanism, not real social costs.

PRESCOTT, J. A. *The law of diminishing returns in agricultural experiment.* Econ. Record, May, 1928. Pp. 6. Certain Australian experiments tend to confirm Mitscherlich's formula for relation of crop to fertilizer as the variable factor.

SABINE, G. H. *Political science and the juristic point of view.* Am. Pol. Sci. Rev., Aug., 1928. Pp. 23. A criticism from a genetic and institutional viewpoint of Professor W. W. Willoughby's attempt to treat political science as a pure deductive system of juristic concepts, independent of ethical, economic and social conditions.

SOMBART, W. *Produktivitat.* Weltwirtsch. Archiv, July, 1928. Pp. 32. Finds productivity has ten economic senses.

STAMP, J. *Taxation, risk-taking and the price level.* Econ. Jour., June, 1928. Pp. 12. Examines incidence of profits tax upon risk-taking with reference to: (a) increasing insured risks and industrial integration; (b) business with wasting assets *e. g.*, gold mining; and (c) commercial banking. Thinks price level, if anything, is lowered by an increased tax.

TIMOSHENKO, V. P. *Correlations between price and yields for previous years.* Jour. Pol. Econ., Aug., 1928. Pp. 6. Acreage changes in response to price; carryover; and crop cycles are factors affecting correlation.

VINER, J. *Comparative costs: a rejoinder.* Quart. Jour. Econ., Aug., 1928. Pp. 3. Mr. Burn's criticism (of Ricardo and Professor Viner) unwarrantedly interprets quantities in the quoted illustration to be totals (instead of expressions of ratios). His net commodity increment test is met by Professor Viner's example, supposing increasing costs, and in any case is arbitrary.

Economic History (United States)

(Abstracts by Amelia C. Ford)

BILL, F. A. *Steamboating on the Red River of the North* (concluded from the Jan. number). N.D. Hist. Quart., Apr., 1928.

CALKINS, E. A. *Old trails of central Michigan.* Mich. Hist. Mag., Apr., 1928.

COULTER, E. M. *Planters' wants in the days of the Confederacy.* Ga. Hist. Quart., Mar., 1928.

DALE, E. E. *Ranching on the Cheyenne-Arapaho reservation.* Chronicles of Okla., Mar., 1928.

DONNAN, E. *The slave trade into South Carolina before the Revolution.* Am. Hist. Rev., July, 1928. Pp. 25. A detailed account of this trade, based chiefly on the letter-books of Henry Laurens. Charleston's share in importation was relatively small and her great profit came from commissions collected by merchants who acted as factors for the British in this as in other trade.

ELLIOTT, H. *The Northwest and its prospects.* Am. Rev. Rev., July, 1928. Pp. 7. Generalizes broadly regarding the natural resources of the Northwest, the need of consolidation of the Northern Pacific and the Great Northern railroads and the great future awaiting Minneapolis and St. Paul.

FLANDERS, R. B. *Two plantations and a county of ante-bellum Georgia.* Ga. Hist. Quart., Mar., 1928.

FOREMAN, G. *River navigation in the early Southwest.* Miss. Valley Hist. Rev., June, 1928. Pp. 22. Describes the early traffic on the Arkansas and Red rivers, first by keelboats and later by steamboats and the destruction of the log jam called the great raft on the Red river.

Fuller, E. G. *Historical account of the automobile industry in Michigan.* Mich. Hist. Mag., Apr., 1928.

Gillingham, H. E. *Calico and linen printing in Philadelphia.* Pa. Mag. of Hist. and Biog., Apr., 1928.

Graham, R. C. *The voyage of the Black Hawk.* Palimpsest, May, 1928. An account of the trips of this vessel on the Cedar river in Iowa just previous to the Civil War.

Gregg, E. S. *Causes of the decline in merchant furnace production of pig iron.* Annalist, May 11, 1928. Pp. 2. Forces inimical to the old independent merchant producer have been the westward migration of the iron industry, the introduction of the steel companies of large modern furnaces, the greater use of scrap in steel making, the recent weak demand from foundries, and the expansion of by-product coke—oven capacity—"as long as the productive capacity of the industry is made up partly of large modern low-cost units and partly of old high-cost units the latter group will find it hard sledding."

Hafen, L. R. *Fort Jackson and the early fur trade on the South Platte.* Colorado Mag., Feb., 1928.

Hopkins, J. A. Jr. *Economic history of the production of beef cattle in Iowa.* Iowa Jour. Hist. and Pol., July, 1928. Pp. 46. This final instalment deals with the transportation and marketing of Iowa cattle from early times to the present.

May, D. W. *Dan Carpenter, pioneer merchant and horticulturist.* Mo. Hist. Rev. April, 1928.

Nixon, H. C. *The clevage within the farmers' alliance movement.* Miss. Valley Hist. Rev., June, 1928. Pp. 12. The farmers of the Middle West in the eighties clashed with the southern agrarians over the issue of market protection for lard and butter. The former "had experienced an agricultural development that was a factor in limiting the Bryan West to the hinterland beyond Iowa and Minnesota. In consequence it may be said that McKinley owed his election in 1896 to the milch cow and the hog as well as to Mark Hanna and big business."

Quaife, M. M., editor. *Inventory and sale of property sold by Point Sable to Jean Lalime.* Miss. Valley Hist. Rev., June, 1928. Pp. 4. A document dated the 7th of May, 1800, which "sheds significant light upon the question who the first settler at Chicago was."

Reid, G. J. *Some old trails and roads of western Pennsylvania.* West Pa. Hist. Mag., Apr., 1928.

Sloan, L. H. *The business prospect in the United States.* Econ. Jour., June, 1928. Pp. 18. Discusses at length reasons for our unusual prosperity between 1923-1927, and believes that the decline in business activity in 1927 "was stimulated by the fact that necessary readjustments in a swiftly changing business order have slowly become cumulative, and have asserted themselves with particular violence at this particular time. The drop has been accentuated by other developments of a temporary and transient nature, (foods, strikes, etc.), and of course many other factors which could not even be suggested here also have been contributory."

Thomas, C. *Butchering buffalo.* Colorado Mag., Apr., 1928. Discusses butchering buffalo for profit as distinguished from hunting buffalo for sport.

Watt, J. W. *Experiences of a packer in Washington Territory mining camps during the sixties.* Washington Hist. Quart., July, 1928. Pp. 8. Tells of prices, earnings, and general conditions in the gold fields of Washington Territory during the days of the gold rush.

White, A. S. *The Grand Rapids furniture centennial.* Mich. Hist. Mag., Apr., 1928.

Bulletin of the New York Library. May, 1928. Contains an account-book of H. Davis recording transactions in the sale of negroes at Richmond, Va., 1860-1864, and an account-book of the Groen and Marius families, in New Amsterdam in 1658-1659, in Amsterdam, Holland, in 1712-1713, and in New York, etc., in 1775-1783.

Economic History (Foreign)

A. F. *The mythology of reparations.* Econ. Jour., Sept., 1928. Pp. 9.

CRUIKSHANK, E. A. *The early history of the London district.* Papers and Records of Ontario Hist. Soc., vol. XXIV. 1927. Pp. 36.

A valuable account of the settlement of the London district in Upper Canada between 1800 and 1817 including a series of illustrative documents.

————. *Petitions for grants of land, 1792-96.* Papers and Records of Ontario Hist. Soc., vol. XXIV, 1927. Pp. 129. Selections from petitions for land grants in Upper Canada, giving the names of the petitioners, reasons for consideration, location and size of grant and notes as to disposal of the petition.

DANIELS, G. W. and JEWKES, J. *The post-war depression in the Lancashire cotton industry.* Jour. Royal Stat. Soc., vol. XCI, part 2, 1928. Pp. 54.

DIETRICH, E. B. *Plight of Lancashire cotton industry.* Am. Econ. Rev., Sept., 1928. Pp. 10.

FELLS, H. J. *Economic developments in South America.* Finan. Rev. Rev., July-Sept., 1928. Pp. 7.

FISHER, D. H. *The Medici account book.* Am. Hist. Rev., Notes and Suggestions, July, 1928. Pp. 2. Describes interestingly the outstanding features of the 98 books of manuscripts containing the original business accounts of the Medici family, which have been placed with the Baker Library at Boston by H. Gordon Selfridge.

FLEMING, R. H. *The origin of Sir Alexander Mackenzie and Company.* Canadian Hist. Rev., June, 1928. Pp. 19. A valuable article tracing the growth of the XY Company, and including an agreement of October 24, 1803, by Sir Alexander Mackenzie, William Parker, Samuel Gerrard, John Ogilvy, Thomas Yeoward, George Gillespie, John Gillespie and John Mure, providing for an extension of the fur-trading organization from London to the Northwest.

GIBSON, D. *Conditions in York County a century ago written in a letter to a friend in Scotland, dated Markham Mills, 27th April, 1827.* Papers and Records of Ontario Hist. Soc., vol. XXIV, 1927. Pp. 10. A valuable account of a trip from Scotland to Montreal, Kingston and York, with a detailed description of surveying methods, of farming and especially of the use of the scythe.

GIDE, C. *Le conseil national économique.* Rev. d'Econ. Pol., July-Aug., 1928. Pp. 11.

GIUSTI, U. *Lo sviluppo dell'industria italiana fra il 1911 e il 1927.* Economia, Aug., 1928. Pp. 14. On the progress of the Italian mines and manufactures from 1911 to 1927.

HONJO, E. *Changes of social classes during the Tokugawa period.* Kyoto Univ. Econ. Rev., July, 1928. Pp. 20.

HUNTER, A. F. *The probated wills of persons prominent in the public affairs of early Upper Canada.* Papers and Records of Ontario Hist. Soc., vol. XXIV, 1927. Pp. 19. Includes wills made in the period 1815 to 1822, containing much valuable information for the study of economic history.

LAUFENBURGER, H. *La vie économique en Allemagne.* Rev. d'Econ. Pol., July-Aug., 1928. Pp. 36.

MERCER, A. *The resources and development of Brazil.* Finan. Rev. Rev., July-Sept., 1928. Pp. 9.

MOURRE, B. *L'Allemagne depuis le début de l'inflation.* Jour. des Econ., June 15, 1928. Pp. 16.

PALMER, G. L. *Trade custom in Lancashire cotton industry.* Jour. Pol. Econ., June, 1928. Pp. 8.

PIERRE, R. J. *La Chine économique.* Jour. des Econ., June 15, 1928. Pp. 16.

PITIGLIANI, F. R. *Note sull'espansione Nord-Americana nel mercato degli investmenti.* Riv. Internaz. di Sci. Soc., June, 1928. Pp. 9. On the growth and the effect of investments made abroad by the U. S.

RATTO, M. O. *La politica degli Stati Uniti verso l'America Latina.* Riv. di Pol. Econ., July-Aug., 1928. Pp. 13. On the investments of financiers of the U. S. in Latin America, and on the policy of this country connected with them.

ROBBINS, H. *Economic effect of Black Death.* Jour. Pol. Econ., Aug., 1928. Pp. 34.

ROBINSON, W. A. *Economic sectionalism in Canada.* Jour. Pol. Econ., Aug., 1928. Pp. 10. A survey of the agitation of the Maritimes for an improvement of economic conditions, with special reference to the Duncan report.

SERAPHIM, H. J. *Geistige und ökonomische Grundlagen des Bolschewismus.* Schmollers Jahrb., June, 1928. Pp. 37.

TUGWELL, R. G. *Experimental control in Russian industry.* Pol. Sci. Quart., June, 1928. Pp. 27.

VICTOR, M. *Die Stellung der deutschen Sozialdemokratie zu den Fragen der answartigen Politik (1869-1914).* Archiv f. Sozialwiss. u. Sozialpolitik, Aug., 1928. Pp. 34.

WESTERMANN, W. L. *On inland transportation and communication in antiquity.* Pol. Sci. Quart., Sept., 1928. Pp. 24.

WILLIAMS, B. H. *Capital embargoes.* Pol. Sci. Quart., June, 1928. Pp. 20.

Agricultural Economics

(Abstracts by A. J. Dadisman)

BAKER, O. E. *Population, food supply, and American agriculture.* Geog. Rev., July, 1928. Pp. 21. A consideration of the progress of agriculture in each of the three continents.

BELSHAW, H. *The economic position of the farmer in New Zealand.* Econ. Record, May, 1928. Pp. 18. An examination of conditions responsible for the post-war depression in agricultural and pastoral industries in New Zealand, with suggestive remedial measures.

BLACK, A. G. and KITTREDGE, D. D. *State indexes of prices of farm products.* Jour. Farm Econ., July, 1928. Pp. 19. A discussion of the problems growing out of the construction of state indexes and methods used in Minnesota.

BLACK, J. D. *McNary-Haugen movement.* Am. Econ. Rev., Sept., 1928. Pp. 24.

BOOTH, J. F. *Coöperative marketing of grain in the United States and Canada.* Jour. Farm Econ., July, 1928. Pp. 26. Developments of grain marketing in the two countries and present tendencies in coöperative grain marketing.

CARD, H. D. G. *Marketing Kentucky eggs.* Ky. Exp. Sta. Bull. 283, Jan., 1928. Pp. 42. A study of markets, marketing agencies, prices, coöperative marketing and suggested improvements

CASE, H. C. M. *A stable program of farm organization research.* Jour. Farm Econ., July, 1928. Pp. 18. A discussion of the collection and use of farm management data.

COX, A. B. *Marketing American cotton in England.* U. S. Dept. Agric. Tech. Bull. 69, June, 1928. Pp. 88. An outline of marketing facilities and marketing processes as related to the disposition of American-grown cotton.

DEWEY, C. S. *Long term agricultural credit in Poland.* Bankers Mag., Sept. 1928. Pp. 7. A sketch of Polish agriculture and the organization of facilities for long term credit.

DIXON, H. M. *The contribution of farm management in the development of agricultural extension programs.* Jour. Farm. Econ., July, 1928. Pp. 9. A discussion of determining a program, collection and use of data, and getting results to those who can make use of them.

FULLER, O. M. *Types of economic material used in developing an agricultural program in North Dakota.* Jour. Farm Econ., July, 1928. Pp. 5. Types and sources of materials used and the development of programs.

Gile, B. M. and Moore, A. N. *Farm credit in a plantation and an upland cotton district in Arkansas.* Ark. Exp. Sta. Bull. 228, June, 1928. Pp. 50. A description and analysis of credit conditions and practices in two districts. Data are from county records and farm survey.

Jensen, W. C. and Russell, B. A. *The business side of dairying.* S. C. Exp. Sta. Bull. 249, July, 1928. Pp. 72. The subject is discussed from the viewpoint of the place of dairying in the state's agriculture at present and in the future.

Jones, L. R. *Some physical controls in the economic development of the prairie provinces.* Geog., Spring, 1928. Pp. 18. A short survey of the importance of topography, geology, flora, soil and climate in the economic growth of the prairie provinces with special reference to wheat.

Kawada, S. *The establishment and maintenance of peasant farms.* Kyoto Univ. Econ. Rev., July, 1928. Pp. 25. An outline of the plan for establishing and maintaining peasant farms as recently adopted in Japan.

Kindle, E. M. *Canada north of fifty-six degrees.* Canadian Field Naturalist, Mar., 1928. Pp. 86. A valuable sketch of the economic possibilities of the Canadian north with numerous bibliographical references and illustrations.

Kolb, J. H. and Wilden, A. F. *Special interest groups in rural society.* Wis. Exp. Sta. Research Bull. 84, Dec., 1927. Pp. 110. An examination of the organization of rural society on the basis of interests of the people rather than locality relationships.

Lattimer, J. E. *Recent changes in farm organization in western Canada.* Jour. Land and Public Utility Econ., Aug., 1928. Pp. 8. A summary of important changes which took place from 1921 to 1926 in farm organization in three provinces.

McPherson, J. B. *Increased world wool production: where can such supplies be grown?* Bull. Nat. Assoc. Wool Mfgrs., July, 1928. Pp. 25. A collection of statements from several authorities in answer to the question of increased world supplies of wool.

———————. *The revolution in agriculture, and how it will settle the farm problem.* Annalist, Aug. 24, 1928. Pp. 2. This is the first of six articles on present-day agriculture. The agricultural situation and fallacies of proposed solutions are pointed out.

Manueco, G. *El credito agricola.* Rev. Nac. de Econ., Mar.-Apr., 1928. Pp. 31. On the various institutions which supply agricultural credit in Spain.

Mead, E. S. and Ostrolenk, B. *No present farm problem for competent farmers—proved bases of success.* Annalist, Sept. 7, 1928. Pp. 2. A good example of profitable and unprofitable agriculture is cited and cost of production emphasized.

———————. *The farm problem: mass production threatening efficient small farmers.* Annalist, Sept. 14, 1928. Pp. 2. The influence of gas-power farm machines on cost of production, food supply, and demand, and mass production are considered.

Merritt, E. *Farm management demonstrators' and agricultural extension programs.* Jour. Farm Econ., July, 1928. Pp. 8. The method of procedure in organizing facts and building an extension program.

Mukerjee, R. K. *Agrarian unsettlement.* Indian Jour. Econ., Apr., 1928. Pp. 11. The unrest of peasant farmers in India due to land-holding problems is discussed.

Nourse, E. G. *The trend of agricultural exports.* Jour. Pol. Econ., June, 1928. Pp. 23. Trends in exports of livestock, cereals, and cotton, and markets other than European are considered.

O'Brien, A. *British work for Indian agriculture.* United Empire, Aug., 1928. Pp. 4. A summary of work done by the British to improve and expand agriculture.

Ormsby-Gore, W. *Tropical agriculture in Malaya, Ceylon and Java.* United Empire, Aug., 1928. Pp. 16. A careful review of the present-day agriculture with special emphasis on results of experimental work in improving the agriculture.

Perlman, J. *Farm land requirement for agricultural products in foreign trade.*

Jour. Land and Public Utility Econ., Aug., 1928. Pp. 6. An examination of the feasibility of stopping all exports and using the land devoted to them to growing products now imported.

PRICE, H. B. *A valley farm.* Dalhousie Rev., July, 1928. A useful and interesting account of agricultural routine in Nova Scotia.

PRICE, H. B. *Marketing country creamery butter by a coöperative sales agency.* Minn. Exp. Sta. Bull. 244, Mar., 1928. Pp. 45. The organization and services of a large coöperative central marketing organization are set forth.

ROZMAN, D. *Land credit in Walnut Grove township, Knox County, Illinois.* Jour. Land and Public Utility Econ., Aug., 1928. Pp. 8. A study of mortgage indebtedness since 1850, and comparisons with Newton township in Wisconsin.

SEGUNDO, E. C. DE. *Empire cotton and empire cottonseed.* United Empire, Sept., 1928. Pp. 7. The uses of cotton fiber and seed, and sources of future supplies are discussed.

SINGH, D. *Coöperative marketing of farm products.* Indian Jour. Econ., Apr., 1928. Pp. 7. The basic principles of coöperative marketing are discussed.

SOROKIN, P. A. and ZIMMERMAN, C. C. *Farm leaders in the United States.* Social Forces, Sept., 1928. Pp. 13. An attempt to point out concrete characteristics of rural leaders, and to study leadership generally. Data are from 2171 biographical statements from RUS by L. H. Bailey.

VON FRAUENDORFER, S. *Development methods and results of agricultural research in the United States.* Jour. Farm Econ., July, 1928. Pp. 26. The origin, development and present conditions of scientific research in agricultural economics.

VROOMAN, C. S. *If I were Secretary of Agriculture.* Breeder's Gaz., July, 1928. Pp. 3. A suggested outline for the organization of the U. S. Department of Agriculture on an efficient basis.

WEAVER, F. P. and WASHBURN, R. S. *Farm adjustments in market hay areas of Pennsylvania.* Pa. Exp. Sta. Bull. 223, Apr., 1928. Pp. 19. A study of changes in farming and marketing practices during recent decline in prices of hay.

WILCOX, R. H., JENNINGS, R. D. and COLLIER, G. W. *Costs and methods of fattening beef cattle in the corn belt, 1919-1923.* U. S. Dept. Agric. Tech. Bull. 23, Dec., 1927. Pp. 114. A consideration of the cost factor in fattening beef cattle, the spread in buying and selling prices, and variations in cost of production.

WILSON, M. L. and others. *A study of ranch organization and methods of range-cattle production in the northern great plains region.* U. S. Dept. Agric. Tech. Bull. 45, Mar., 1928. Pp. 92. Methods of management, system of ranch organization, a detailed study of a year's business on 300 ranches, and adaptation of the region to ranch-cattle production.

The McNary-Haugen Bill. Index, July, 1928. Pp. 5. The fallacies of the bill are pointed out.

Price conditions and accountancy results in Norwegian agriculture. Internat. Rev. Agric., June, 1928. Pp. 6. Fluctuation in price levels of agricultural products during ten years, and farm organization based on accounts from 168 farms.

Commerce

(Abstracts by H. R. Tosdal)

ANGELL, J. W. *Equilibrium in international trade: the United States 1919-26.* Quart. Jour. Econ., May, 1928. Pp. 46. General analysis of the maintenance of equilibrium in international payments.

BOWEN, E. *Ships.* Scientific Mo., July, 1928. Pp. 8. Traces very briefly the development of shipping among nations of the world from 1500 B.C. and states that overseas carrying trade has always been developed "only when other outlets for economic activity are absent or have been destroyed."

———————. *American over-seas carrying trade.* Scientific Mo., Aug., 1928. Pp. 5. A short historical survey of American overseas shipping, recounting its

rise during the early colonial period and its subsequent fall, with the prediction that the nation will in the full strength of its maturity compete again for shipping primacy.

Cavanaugh, F. J. *Futures trading and the cotton market.* Commerce Mo., July, 1928. Pp. 10. Describes the working of the future trading system as applied to cotton.

Cutrera, A. *Il "dumping" e i suoi effetti sul commercio internazionale.* Scientia, June, 1928. Pp. 11. A very interesting analysis of "dumping." The author restricts the use of this word to the cases in which "an industry sells goods in a foreign country at a price less than the cost of production in the home country."

Hall, R. *Principles and laws underlying the statement of the balance of payments.* Annalist, May 25, 1928. Pp. 2. Sets forth the principles and laws underlying the statement of the balance of payments.

Kirsh, B. S. *Foreign trade functions of trade associations: the legal aspects.* Reprinted from Univ. of Pa. Law Rev., June, 1928. Pp. 35. Traces legal history of foreign trade combinations in the United States through the period of the Sherman and Clayton acts and, more recently, the Webb-Pomerene law.

Milliken, E. L. *Rayon—the miracle textile fabric.* Stone & Webster Jour., July, 1928. Pp. 19. An account of the rayon industry with special reference to production processes.

Moro, G. L. *Il monopolio del commercio estero nell unione delle republiche dei Sovieti.* Riv. Internaz. di Sci. Soc., July, 1928. Pp. 30. A criticism of the policy of Russia in regard to foreign trade.

Nourse, E. G. *The trend of agricultural exports.* Jour. Pol. Econ., June, 1928. Pp. 23. Continuation of earlier study of the trend of agricultural exports of the United States. Concludes that outlook for 1928 is not more cheerful than in 1924.

Oliver, J. G. *The cotton trade and its investments.* Finan. Rev. Rev., July-Sept., 1928. Pp. 9. Takes up the various types of enterprises in the Lancashire cotton industry of immediate interest to the investor, showing where possibilities lie and where danger is apparent.

Pierre, R. J. *Le commerce extérieur des principales nations en 1927.* Jour. des Econ., July 15, 1928. Pp. 11. A brief statistical account of the foreign trade of the principal nations of the world in 1927.

Reed, J. *The progress of rayon.* Commerce Mo., Aug., 1928. Pp. 9. A brief account of the rayon industry with a forecast of its increasing possibilities.

British industries in peril. Jour. Bengal Nat. Chamber of Commerce, Mar., 1928. Pp. 7. Reprint of article from London *Nation* and *Athenæum* outlining need of a coöperative association in the Lancashire cotton trade and methods by which such a combination could assist the industry.

Export as a factor in the price of copper. Commerce Mo., June, 1928. P. 1. States that increased demand for copper in foreign countries has been largely responsible for improvement in the copper situation.

Industrial methods and commercial policies in modern economic development. Jour. Bengal Nat. Chamber of Commerce, Mar., 1928. Pp. 23. Brief and incomplete study of industrial methods and commercial policies in modern economic development.

L'industrie de la soie: la matière première. L'Econ. Franç., May 12, 1928. Pp. 2. Indicates amounts, sources, and usual prices of raw silk used by the silk industry.

L'industrie de la soie: les produits fabriqués. L'Econ. Franç., Aug. 4, 1928. Pp. 2. A statistical analysis of the silk manufacturing industry, emphasizing the difficulties which the industry has encountered because of the frequent changes of style and the instability of the money situation.

Railways and Transportation

(Abstracts by J. H. Parmelee)

ARTHURTON, A. W. *British railways authorized to operate on highways.* Ry. Age, Sept. 22, 1928. Pp. 4. Parliament votes extension of railway charter powers in England.

COOK, C. C. *Wood utilization is important to the railways.* Ry. Age, Aug. 11, 1928. Pp. 3. Benefits of lumber conservation.

COUNTY, A. J. *The Pennsylvania expense budget.* Ry. Age, Aug. 18, 1928. Pp. 4. Control of outgo adapted to meet railroad conditions on a large system.

COWIE, R. E. M. *Flying freight.* Mag. of Business, Sept., 1928. Pp. 7. Development of express business by air.

DUNLAP, W. H. *Stability of railroad employment.* Mo. Labor Rev., Aug., 1928. Pp. 10. Monthly fluctuations in six railroad occupations on ten selected railway lines, 1922 to 1927.

DUNN, S. O. *Railroads, politics, and prosperity.* Scribner's, Oct., 1928. Pp. 9. Rail problems for intelligent citizens to face.

——————. *Railways vs. transportation subsidized by the government.* N. Y. Central Lines Mag., June, 1928. Pp. 4. Rates via highway and waterway lower than rail rates only because the people are taxed to maintain the former.

GREEN, E. *Canada's first electric telegraph.* Ontario Hist. Soc., Papers and Records, vol. XXIV, Pp. 7. A valuable description of the opening of communication between Buffalo and Toronto under the Toronto, Hamilton and Niagara Electric-Magnetic Telegraph Company, showing that connection between Toronto and Hamilton was established December 19, 1846, between Toronto and Buffalo, January 13, 1847, and between Montreal and Toronto, August 3, 1847.

GRODINSKY, J. *Railroad consolidations and traffic routes.* Ry. Age., June 23, 30, 1928. Pp. 4. Effect of railway competition on the consolidation question.

HOY, W. *South African railways do well.* Ry. Age, June 16, 1928. Pp. 4.

JEFFERSON, M. *The civilizing rails.* Econ. Geog., July, 1928. Pp. 15. Extent to which the world's area is served with steam railways.

KELSEY, C. W. *Railroad-owned air line proposed.* Ry. Age, Sept. 22, 1928. Pp. 4.

KOJIMA, S. *Characteristics of tariff freight rate in the shipping business.* Kyoto Univ. Econ. Rev., July, 1928. Pp. 27.

LEWIS, J. H., IIID. *Consolidation of railroads and the proposed Great Northern-Northern Pacific unification.* Harvard Bus. Rev., July, 1928. Pp. 14.

MACCRACKEN, W. P., JR. *Air transportation and the steam railways.* Ry. Age, Aug. 25, 1928. Pp. 2. Problems in transport coördination.

MCLEAN, S. J. *The Railway Act of Canada.* Canadian Bar Rev., June, 1928. Pp. 15. A valuable article on the history, constitution and operation of the Canadian Board of Railway Commissioners by the Assistant Chief Commissioner, who was responsible for the general constitution of the Act and who has been on the Board since its inception.

MCMECHAN, A. *The great ship.* Dalhousie Rev., July, 1928. Pp. 10. Description of the construction and launching of the W. D. Lawrence near Maitland in 1872-3, with an account of her voyage from Maitland to Liverpool, from Birkenhead to Aden, then to Callao and to Pabellon de Pica in Peru for a load of guano to Havre.

NOUVION, G. DE. *Les grandes compagnies de chemin de fer en 1927.* Jour. des Econ., June 15, 1928. Pp. 33, 28.

PARMELEE, J. H. *Some economic aspects of aviation.* Pacific Flyer, Oct., 1928. P. 1. Compares early history of aviation and railroading.

PECK, C. B. *The utilization of freight cars.* Ry. Age, Aug. 4, 1928. Pp. 4.

——————. *The utilization of locomotives.* Ry. Age, Aug. 11, 1928. Pp. 3.

SPERING, A. *Die Entwicklung der englischen Eisenbahnen seit dem Jahr 1921.* Archiv f. Eisenbahnw., Jan.-Feb., Mar.-Apr., 1928. Pp. 25, 22. Relations of

British railways to the government, amalgamation, rate policies, the labor problem.

STEDMAN, J. W. *The stockholders' decreasing share in gross earnings.* Ry. Age, July 28, 1928. Pp. 3. Railways are paying only 51 per cent of available net income funds as dividends.

WESTERMANN, W. L. *On inland transportation and communication in antiquity.* Pol. Sci. Quart., Sept., 1928. Pp. 23.

Die Betriebsergebnisse der fünf grossen fränzosischen Eisenbahngesellschaften im Jahr 1926. Archiv f. Eisenbahnw., July-Aug., 1928. Pp. 11.

Die bulgarischen Staatseisenbahnen im Rechnungsjahr 1925-26. Archiv f. Eisenbahnw., July-Aug., 1928. Pp. 12.

Fruits and vegetables shipped long distances. Ry. Age, July 28, 1928. Pp. 3. Digest of Bulletin 31 of Bureau of Railway Economics, analyzing rail unloads of 18 fresh fruits and vegetables in 66 important markets during 1927.

Railway purchases of supplies and equipment in 1927. Ry. Age, June 16, 1928. Pp. 2. Railways expended $1,395,928,000 for materials in 1927, compared with $1,559,032,000 in 1926.

The St. Lawrence deep waterway. Round Table, June, 1928. Pp. 8. A survey of recent negotiations between Canada and the United States with a suggestion that considerable delay is inevitable.

Das schwedische Eisenbahnnetz 1925 und 1926. Archiv f. Eisenbahnw., July-Aug., 1928. Pp. 14.

The world's railways during the years 1922, 1923, 1924, and 1925. Bull. Internat. Ry. Cong., July, 1928. Pp. 14. Brief statistical review, by countries.

Public Utilities

(Abstracts by Charles S. Morgan)

BAKER, B. *Utility regulation fallacies in Massachusetts.* Annalist, Apr. 20, 1928. P. 1. Why recent proposal of Massachusetts Commission for putting utilities in a contractual relationship with the state was "from every clear-sighted point of view . . . . vicious and unsound."

BALDWIN, H. G. *Valuation for telephone rate cases.* Telephony, Sept. 1, 1928. The making of valuations, particularly by appraisal organizations.

BOWMAN, F. H. and KELCH, E. L. *A fare for every type of rider.* Bus Transportation, Sept., 1928. Pp. 6. Varied types of fares used to induce business.

BROOK, G. C. *A cycle in the economic history of public utilities, 1914-1922.* Jour. Land and Pub. Util. Econ., Aug., 1928. Pp. 4. Statistical portrayal of relative abilities of electric railway, electric light and power, gas, and telephone and telegraph companies to adjust themselves to the price changes of the war and post-war period.

DOZIER, H. D. *Present reasonable rate of return for public utilities.* Jour. Land and Pub. Util. Econ., Aug., 1928. Pp. 8. A method of determining a reasonable rate of return by analysis of return required to maintain the credit standing of public utilities and industrials of high rank.

FENKELL, G. H. *The management of water works business. With discussion.* Jour. Am. Water Works Assoc., Sept., 1928. Pp. 29. The commercial, engineering, personnel, and political problems of the publicly owned water plant.

GIFFORD, W. S. *A statement of policy of the American Telephone and Telegraph Company.* Bell Telephone Quart., Jan., 1928. Pp. 4. "Our policy and purpose are the same as yours (regulatory commissions)—the most telephone service and the best, at the least cost to the public."

GOOD, E. T. *Electricity and gas. The new national scheme: a criticism.* Finan. Rev. Rev., July-Sept., 1928. Pp. 7. The Electricity act of 1926 should be held up for further investigation as a "semi-socialistic scheme, designed to electrify

the country and beat down the gas industry, without an atom of proof that manufacturers, farmers or householders will obtain cheaper power, light or heat."

Grant, E. L. *Depreciation—an operating expense or an appropriation of earnings.* Jour. Land and Pub. Util. Econ., Aug., 1928. Pp. 5. Possible dangers to public utility credit and investors in the flexible depreciation or retirement charge, dependent on earnings or discretion of company.

Guthrie, W. D. *Public service commissions.* Am. Bar Assoc. Jour., July, 1928. Pp. 7. A spirited argument for the "supremacy of law," to be reasserted through judicial review, both as to law and as to facts, of decisions of executive or administrative commissions in cases involving personal liberty and vested property rights.

Harriman, H. L. *The economics of and need for public participation in city transportation.* Elec. Ry. Hour, Sept. 29, 1928. Pp. 2. Who should share in bearing the cost of the subways required by the rapidly mounting congestion of our streets.

Haward, H. E. *Local authorities under the Electricity (Supply) Acts.* Pub. Admin. (London), Jan., 1928. Pp. 14. Status of local authorities under English legislation, 1882 to date, and present position of municipal undertakings.

Heggie, H. E. *Developments in municipal ownership of electric plants in Minnesota.* Jour. Land and Pub. Util. Econ., Aug., 1928. Pp. 6. Peak number reached in 1923, with some recession thereafter, and increased use of purchased power for a number of years. Comparison with trends in Wisconsin, Missouri and Massachusetts.

Jennings, L. D. *Some economic aspects of the 1927 tax burden of Chicago street car patrons.* Jour. Land and Pub. Util. Econ., Aug., 1928. Pp. 2. Non-users sufficiently benefit from the existence of urban transportation facilities to bear a share of the utility tax burden if not a part of the cost of service.

Lilienthal, D. E. and Rosenbaum, I. S. *National courts and local utilities.* Jour. Land and Pub. Util. Econ., Aug., 1928. Pp. 2. Efforts which are being made to check the immediate resort by utilities to federal courts without prior appeal to state courts.

Montgomery, C. H. *Regulation of public utilities.* Neb. Munic. Rev., July, 1928. Pp. 4.

Payne, H. M. *Public vs. private ownership.* Nat. Elec. Light Assoc. Bull., July, 1928. Pp. 3. Government ownership is un-American, unsound in theory, and uneconomic in practice.

Plimpton, R. E. *The walking distance cities.* Bus Transportation, Oct., 1928. Pp. 6. How to increase the number of "all bus" cities of from 10,000-50,000 population.

Sachse, R. *Determining the proper price for the transportation product.* Elec. Ry. Jour., Sept. 8, 1928. Pp. 5. An informative article, with emphasis on the distinction for fare-making purposes between the "regular necessity" and the "occasional" rider.

Stevens, R. P. *The need for public transportation is assured.* Elec. Ry. Jour., Sept. 8, 1928. Pp. 3. President of American Electric Railway Association finds that the industry has faced about, giving up practices no longer of value and concentrating on the problem of merchandising its service.

Tidd, G. N. *Interconnection and its benefits.* Nat. Elec. Light Assoc. Bull., July, 1928. Pp. 4. Definitions and types of interconnection and concrete illustrations of benefits.

Traylor, M. A. *Some economic and public aspects of the electrical industry as viewed by a layman.* Nat. Elec. Light Assoc. Bull., July, 1928. Pp. 5. Views of a banker on regulation, interconnection, holding or investment companies, municipal ownership, and the rewarding of efficiency of management.

Updegraff, C. M. *The extension of federal regulation of public utilities.* Iowa Law Rev., June, 1928. Pp. 28.

Wherry, W. M., Jr. *Greater justice in urban transportation rates.* Elec. Ry.

Jour., Sept. 29, 1928. Pp. 3. Problems—legal and commercial—in securing equitable rates of fare.

WILDER, R. F. *The necessity of adequate rates.* Telephony, July 14, 1928. Pp. 4. A many-sided discussion of business aspects of telephone rate-making.

WOLLGRAVE, A. J. *The control of rates for public utility service in America.* Pub. Admin. (London), Apr., 1928. Pp. 12.

WOOTON, P. *Trade Commission's hearings.* Elec. World, July 14, 1928. Pp. 3. A frank summing up of testimony offered in this far-reaching inquiry. Federal legislation and a more stringent attitude on part of state commissions are anticipated.

YOUNG, O. D. *Adequate fare needed.* Elec. Ry. Jour., Sept. 29, 1928. Pp. 3. Local transportation should be provided by private agencies, with public subsidy or ownership only if necessary. The new research and engineering problems of the electric railway should be vigorously faced.

Comparative gas rates in Illinois cities. Ill. Munic. Rev., May, 1928. Pp. 15. Extensive, detailed data.

Consolidation reduced rates. Elec. World, Aug. 4, 1928. Pp. 3. Specific data on rate reductions which have followed the extension of the interconnected Georgia Power Company system.

Paid-in investment as a public utility rate base in Massachusetts. Harvard Bus. Rev., July, 1928. Pp. 10. A statement and criticism of the proposed legislation creating a contractual agreement between gas and electric utilities and the state, under which there would be a stable rate base and full power in the commission over rates, so long as stocks were maintained at or above par.

Statistical data for the electric light and power industry for the year 1927. Nat. Elec. Light Assoc. Bull., Aug., 1928. Pp. 8. Comprehensive statistics, with running comments, relating to development and sales of electricity, prices received, farm service, source and disposal of energy, etc.

World's telephone statistics. Bell Telephone Quart., July, 1928. Pp. 13. Extensive statistics on telephone development in leading countries and cities.

Accounting

(Abstracts by Arthur W. Hanson and Paul B. Coffman)

ANNAN, W. *The scope for accountancy in modern business.* Cost Accountant, June, 1928. Pp. 7. Accountants may render services to manufacturing and trading business in either an advisory professional capacity or as a full-time officer of a particular business. Any aids which an accountant from standpoint of records and analysis can give to the management of a business is a part of the scope.

BEAUVAIS, J. C. *Partnership accounts.* Accountants' Jour., May, June, July, Aug., Sept., 1928. Pp. 7, 4, 5, 5, 4. The various problems arising from the retirement of one partner and the introduction of a new one are considered, also legal decisions and their influence.

Examples given of adjustment necessitated by the retirement of one partner and the introduction of a new partner.

The influence on partnership accounts of a change from "cash" to an "income" basis of profit showing is discussed. Examples of the entries necessitated by such a change, and the decision of Elliott *v.* Elliott (1911) are considered.

A discussion of the influence of the Decision of Garner *v.* Murray upon partnership dissolution: "Losses sustained by certain partners, owing to the inability of another partner to make good his deficiency on capital account, must be borne in proportion to their capitals."

Discussion of the method of partnership dissolution based upon Garner *v.* Murray (1904), to the effect that "whilst losses are normally borne in the same ratio

as profits are shared, losses caused by a partner's deficiency on capital accounts must be borne in the ratio of the other partners' last agreed capitals."

BOSSIN, N. M. *Distribution costs and profit calculations.* Canadian Chart. Accountant, Sept., 1928. Pp. 3. Many concerns have adopted a system of factory accounting, but few have turned their attention to developing a system which would give them any comprehensive idea of costs of distribution. Examples are given to bring out the importance of proper analysis of sales and distribution costs.

————. *The essentials of a sound appraisal.* Canadian Chart. Accountant, July, 1928. Pp. 2. Because of errors in establishing reserves sooner or later book figures do not accurately represent values. Appraisals become necessary but since these may vary between individual appraisers, business managers should exercise particular care in placing appraisal contracts.

BOWMAN, E. D. *Accounting for used-car departments of retail automobile dealers.* Jour. Accountancy, Aug., 1928. Pp. 5. General outline.

BOYLE, A. R. M. *Contractors' accounts.* Jour. Accountancy, July, 1928. Pp. 12. Brings out features peculiar to this business.

BRIGGS, L. L. *Goodwill: definition and elements in law.* Jour. Accountancy, Sept., 1928. Pp. 10.

BURRELL, O. K. *A teaching device in ratios and turnovers.* Accounting Rev., Sept., 1928. Pp. 4. Problem demanding application of abstract ideas to a specific situation.

CAFFYN, H. R. *Accounting for charity's millions.* Jour. Accountancy, Aug., 1928. Pp. 15. Accounting problems of Near East relief.

CASTENHOLZ, W. B. *Investing in obsolescence.* Accounting Rev., Sept., 1928. Pp. 5. The obsolescence on a discarded machine should be carried as a deferred charge to be written off over the operating life of its successor.

COLGAN, C. Y. *Understanding budget preparation and control.* Jour. Accountancy, Aug., 1928. Pp. 7. Restates fundamentals of budget preparation and control.

COUCHMAN, C. B. *Accounting for mergers.* Jour. Accountancy, July, 1928. Pp. 10. Points out activities of accountants in such matters.

CRAIG, E. B. *The accountancy profession in Japan.* Cert. Pub. Accountant, Aug., 1928. Pp. 2.

FERGUSON, F. E. *Accounting for business.* Cert. Pub. Accountant, June, 1928. P. 1. Complete statements should be furnished and ratio analysis made. Adequate information for the several departments is necessary.

FINNEY, H. A. and BAUMANN, H. P. *Solutions to examination in accounting theory and practice of American Institute of Accounts, parts I, and II, May 17, 18, 1928.* Jour. Accountancy, July and Aug., Sept., 1928. Pp. 16, 11.

GIBSON, A. T. *Relation of field warehousing to accountancy.* Jour. Accountancy, Aug., 1928. Pp. 2. A financial aid for manufacturers who find they need more money than is obtainable through open credit.

GILL, S. L. *On the study of economics as an aid to cost accountancy.* Cost Accountant, July, 1928. P. 7. This article is divided into four chief considerations: (1) Why economics is useful to a cost accountant; (2) The approach to economics; (3) The relation between economics, politics and ethics; (4) Some of the principal phases of economics important to a cost accountant.

GILMAN, S. *Two methods of analyzing statements.* Cert. Pub. Accountant, July, 1928. Pp. 4. Two methods are the trend percentage method and the ratio method.

————. *Get the range and study the target, you technical marksmen!* Cert. Pub. Accountant, Aug., 1928. Pp. 2. Statements and reports must be adapted for the persons who are to use them.

GORDON, S. *Answers to examination in commercial law of American Institute of Accountants May 18, 1928.* Jour. Accountancy, July, 1928. Pp. 5.

GRANT, E. L. *Depreciation—an operating expense or an appropriation of earnings?* Jour. Land and Public Utility Econ., Aug., 1928. Pp. 6. Shows justification of

flexible retirement appropriation for maintenance of public utility credit through temporary depression and danger of it for other purposes.

GREER, H. C. *Where teaching lags behind practice.* Accounting Rev., Sept., 1928. Pp. 8. "There are at least half a dozen features of accounting practice today in which the average elementary courses adheres to an outworn method while more modern procedures are fully recognized in every well-ordered merchandise or manufacturing establishment of more than moderate size."

HARPER, J. G. *Working capital.* Canadian Chart. Accountant, Sept., 1928. Pp. 5. A general discussion in the form of notes, giving the relation of working capital to cost of sales and credit period; the influence of seasonal factors in business upon working capital, and a sample statement of working capital is given and its contents discussed.

HERSKOWITZ, H. *Accounting for dealers in masons' and plasterers' building materials.* Cert. Pub. Accountant, Aug., 1928. Pp. 6.

HIMMELBLAU, D. *Accounting treatment of securities (retireable): discount and expense.* Jour. Accountancy, Aug., 1928. Pp. 5. Stock discount and expense should under certain conditions be handled similarly to bond discount. Premiums and unamortized discount and expense on called issues are part of expense of refunding issue.

HOPE, A. E. M. *Fiscal periods.* Canadian Chart. Accountant, July, 1928. Pp. 2. Fiscal periods should be adopted to suit each particular business.

HURDMAN, F. H. *Some phases of the no-par-value-stock problem.* Canadian Chart. Accountant, Sept., 1928. Pp. 11. The various problems arising through the issuance of no-par stock are considered. In part, the conclusion reached is: "It may well seem that the issuance of capital stock without par value has not really served any good purpose and, through careless legislation, has created unnecessary problems for the business man and accountant."

JACKSON, J. H. *Teaching auditing by the case method.* Accounting Rev., Sept., 1928. Pp. 14. Statement of content and aims based upon seven years of successful use of the method.

KESTER, R. B. *The importance of the controller.* Accounting Rev., Sept., 1928. Pp. 14. Definition and place in the business organization.

LITTLETON, A. C. *Pioneers of accountancy.* Cert. Pub. Accountant, July, 1928. Pp. 3.

————. *What is profit?* Accounting Rev., Sept., 1928. Pp. 10. Considered from points of view of economics, law, and accounting.

MADDEN, J. T. *Symposium, the philosophy of the relationship of the accountant in reference to jurisprudence.* Cert. Pub. Accountant, Aug., 1928. Pp. 3.

PARMELEE, J. H. *By-products of railway accounting.* Cert. Pub. Accountant, Sept., 1928. Pp. 4. Railroad books give many interesting historical, social, and economic facts which means that accounting is more than a mere producing of dry facts pertaining to railway operation.

PATON, W. A. *Limitations of financial and operating ratios.* Accounting Rev., Sept., 1928. Pp. 9. Ratios merely a clue; generalizations dangerous.

PELOUBET, M. E. *Current assets and the going concern.* Jour. Accountancy, July, 1928. Pp. 5. Suggests a new form of statement. Thought provoking.

PINKERTON, P. W. *The prevention of failures in business.* Cert. Pub. Accountant, Sept., 1928. Pp. 3. Accountants can be of great service in preventing failures in business. Many businesses fail not so much from lack of capital as from misuse of capital. The accountant can be of great service in preparing and guiding his client in the use of a budget. The prevention of failure is largely a matter of analysis, and the accountant is best fitted to make the analysis.

PLENDER, W. *The profession of accountancy.* Accountants' Jour., June, 1928. Pp. 2. The profession offers great variety and scope and "no calling has greater possibilities of usefulness to the business community than that of the chartered accountant."

PORTER, G. H. *The cost accountant, an essential to management.* Canadian Chart. Accountant, July, 1928. Pp. 5. Business has become more intricate and as a result the cost accountant has gained increased importance as an aid to management. The scope of cost accounting, its aid to management and the tendency toward increased control through cost accounting are discussed.

POWELL, G. M., JR. *Certified statement of condition.* Cert. Pub. Accountant, Aug., 1928. Pp. 2. What the banker wants in the line of accounting information when passing upon an application for a loan.

PYLE, J. L. *Accounting for mortgage companies.* Jour. Accountancy, July, 1928. Pp. 7. Describes the classes of companies and their accounting methods briefly.

ROREM, C. R. *Social control through accounts.* Accounting Rev., Sept., 1928. Pp. 8. Control of government non-profit institutions, private enterprises by government, coördinating activities by groups of private enterprises, and the modern economic order.

SMITH, R. H. *Cost accounting for water works.* Jour. Amer. Water Works Assoc., Aug., 1928. Pp. 11. Chiefly details of records used in customers' accounting section.

TAYLOR, R. F. B. *The routine and audit of a stock broker's office.* Canadian Chart. Accountant, July, 1928. Pp. 20. Due to improved business conditions and increase in trading, attention was called to inadequacy of accounting systems in brokers' offices. Various exchanges are discussed and terms defined. General idea of stock exchange, brokers' offices, and clearing house organizations and manner in which trade passes through departments is given.

THORNTON, F. W. *Teaching them to think.* Jour. Accountancy, Apr., 1928. Pp. 5.

TOLLEY, C. H. *The adjustment of accounts for income tax purposes.* Accountants' Jour., Sept., 1928. Pp. 10. Considers some of the difficulties of making up the various schedules as required by the income tax acts. The methods of assessing profits of the Finance act of 1926 are discussed. Adjustment of accounts to avoid paying a tax twice over and capital profits assessable under the act are discussed. Also attention is given to the expenses that are allowed as deductions and those that are not permitted as deductions.

WARWICK, H. *Cost of the selling department.* Cost Accountant, July, 1928. Pp. 6.

WELLINGTON, C. O. *Accountant's responsibility for inventory verification.* Jour. Accountancy, Sept., 1928. Pp. 15. Advocates that accountants should accept the responsibility.

WHITMORE, J. *The certification of inventories.* Jour. Accountancy, July, 1928. Pp. 7. Good cost accounting provides a basis for certifying correctness of inventories with confidence.

WILDMAN, J. R. *Accountants' certificates.* Cert. Pub. Accountant, June, 1928. Pp. 2.

WILKINSON, G. *The genesis of the C.P.A. movement.* Cert. Pub. Accountant, Sept., 1928. Pp. 6. Description of how the C.P.A. movements began in the various countries.

WILLIAMSON, A. *Depreciation of metal for mechanical composition.* Cost Accountant, July, 1928. Pp. 3.

WINSLET, V. G. *Costing and its application.* Accountants' Jour., June, 1928. Pp. 2. Different types of costing explained such as output or single cost accounts, terminal or contract cost accounts, departmental, multiple or unit system, process, operation, job, and operating or working cost accounts. Cost accounts cannot be standardized, they must be devised to meet the needs of a particular concern or set of circumstances.

WINTER, S. G. *The next decade in accounting.* Accounting Rev., Sept., 1928. Pp. 12.

WINTERMUTE, L. *Some problems of allotment accounting.* Jour. Accountancy, Sept., 1928. Accounting procedure required particularly to control the business of subdividing land into building lots and selling them to individual purchasers.

Business Management

(Abstracts by H. R. Tosdal)

BLADEN, V. W. *Rationalisation of industry.* Dalhousie Rev., July, 1928. Pp. 4. A valuable criticism of the various proposals of rationalisation.

CLARK, F. E. *An analysis of the causes and results of hand-to-mouth buying.* Harvard Bus. Rev., July, 1928. Pp. 7. The author enumerates the following as results of hand-to-mouth buying: (1) the decline of speculative buying, (2) carrying of larger stocks of finished product by manufacturers and wholesalers, (3) shifting of burden of financing stocks, (4) shifting to manufacturer of burden of forecasting demand and style, (5) the effect on prices, and (6) greater degree of stability.

HULL, E. H. *Management psychology a joint responsibility.* Bull. Taylor Soc., Apr., 1928. Pp. 8. Discussion of the possible results of a new coöperation between business executives and psychologists from which can emerge a new practical, scientific and successful technique of human engineering.

LE CHATLIER, H. *Professor Henri Le Chatlier on Frederick W. Taylor.* Bull. Taylor Soc., Aug., 1928. Pp. 2. An address given by Professor Henri Le Chatlier, following the presentation to him of a certificate of honorable membership in the American Society of Mechanical Engineers.

MAYERS, E. C. *Maritime liens.* Canadian Bar Rev., Sept., 1928. Pp. 5. A survey of the character and problems incidental to liens on vessels.

MAZUR, P. M. *After mass production what?* Am. Rev. Rev., June, 1928. Pp. 4. Brief analysis of the struggle between mass production and distribution.

MORRIS, F. *Instalment buying.* Bankers' Mag. (London), May, 1928. Pp. 8. Brief account of the social and economic aspects of instalment buying from an Englishman's point of view.

NYMAN, R. C. *A method of evaluating clerical jobs and employees.* Bull. Taylor Soc., Aug., 1928. Pp. 4. An outline of a method designed to serve as a basis for more scientific control of office problems and more intelligent placement of office workers.

ROSS, C. C. *The psychology of motivation.* Industrial Psych., Aug., 1928. Pp. 4. A short account of some experiments in the field of motivation, particularly the effect of knowledge of progress upon the learner.

RUGGLES, C. O. *Education for management.* Bull. Taylor Soc., Apr., 1928. Pp. 6. Discussion of the possible means of correlating instruction and research in the fields of engineering and business.

SCHMALZ, C. N. *Indexes of the stock-sales relationship in retail stores.* Harvard Bus. Rev., July, 1928. Pp. 10. Describes briefly the limitations of the rate of stock-turn as an index, and shows the advantage and the methods of using the stock-sales ratio.

SMITH, H. E. T. *What constitutes a free market?* Finan. Rev. Rev., July-Sept., 1928. Pp. 6. A brief explanation of the organization methods of operation and the scope of the London Stock Exchange, which points out why the daily journals cannot even attempt to report in full more than a fraction of daily business transactions.

THOMPSON, S. E. *Smoothing the wrinkles from management—time study the tool.* Bull. Taylor Soc., Apr., 1928. Pp. 18. Presents fundamental principles and practical methods of using time studies in the various functions of a business, showing use of time measurement and job analysis as a tool of management.

WALKER, Q. F. *What interest has the investment banker in scientific management?* Bull. Taylor Soc., Apr., 1928. Pp. 7. One of a series of addresses pointing out the reasons why the investment banker is interested in scientific management.

WILLIAMS, J. H. *The budget as a medium of executive leadership.* Bull. Taylor Soc., Aug., 1928. Pp. 4. The author endeavors to show that the budget properly

handled furnishes a means of combining instruction and inspiration for creative activity which is unique.

Time study. Bull. Taylor Soc., June, 1928. Pp. 53. A series of papers dealing with the technique of time study both in factory and office.

Labor and Labor Organizations

(Abstracts by Walter J. Couper and George Brooks)

Andrews, J. B. *Social and labor legislation (social changes in 1927).* Am. Jour. Sociol., July, 1928. Pp. 7.

Baldwin, C. E. *Time and labor cost of production in the woolen industry: United States, England, France, Germany.* Mo. Labor Rev., Sept., 1928. Pp. 26. Though far from exhaustive, this study reveals interesting comparisons between establishments in the United States and those in Europe.

Berridge, W. A. *Employment (social changes in 1927).* Am. Jour. Sociol., July, 1928. Pp. 8. Decline in factory and railroad employment, but no satisfactory measurement of general employment is possible.

Bogardus, J. F. *Unemployment among organized labor in Philadelphia.* Am. Fed., Aug., 1928. Pp. 11.

Clark, C. E. *The Interborough brief.* Am. Fed., Sept., 1928. Pp. 5. Review of the brief presenting the point of view of the American Federation of Labor toward the Interborough "yellow-dog" contracts.

Cooper, L. W. *The American Federation of Labor and the intellectuals.* Pol. Sci. Quart., Sept., 1928. Pp. 19. Growing respect of organized labor for the "intellectuals" as evidenced in the *American Federationist.*

———. *The injunction and jury trial.* Am. Fed., Aug., 1928. Pp. 9. The significance of the acquittal by a Milwaukee jury of 26 union members charged with conspiracy to violate a temporary injunction. This is the first time in the U.S. a jury has been called upon to decide whether contempt had been committed.

Davis, J. J. *"Old age" at fifty.* Mo. Labor Rev., June, 1928. Pp. 6. The growing practice of arbitrary discharge of the worker, regardless of fitness, at an arbitrarily fixed age begins to be serious and alarming, especially when the increased mechanization of industry renders such a practice quite unreasonable and unnecessary.

Franchini, V. *Di alcuni elementi relativi alla maggiore utilizzazione delle maestranze durante il periodo bellico.* Riv. Internaz. di Sci. Soc., Aug., 1928. Pp. 12. On the organization of labor by the state.

Gemmill, P. F. *A union substitute for legislation.* Am. Fed., Sept., 1928. Pp. 3. Sunday performances and competition by foreigners have both been controlled by the Actors' Equity Association, not by legislation, but by simple resolutions of the actors. The success of such action is made possible by a closed shop and strong leadership.

Haydon, J. A. P. *Canadian national railway shopmen secure week's annual vacation with pay.* Am. Fed., July, 1928. Pp. 4. Another benefit from union management coöperation.

Hicks, J. R. *Wage-fixing in the building industry.* Economica, June, 1928. Pp. 8. A history of wage-fixing in these trades in England, concerned particularly with the activity of the National Wages and Conditions Council, and its efforts to secure the "national rate."

Hoffman, F. L. *Mule-spinners' cancer.* Mo. Labor Rev., Sept., 1928. Pp. 19.

Kuczynski, J. and Steinfeld, M. *Wages in manufacturing industries 1899-1927.* (continued). Am. Fed., July, 1928. Pp. 5.

Kuczynski, R. R. *Foreign loans and American labor.* Am. Fed., Sept., 1928. Pp. 3. Limiting foreign loans of any kind will not necessarily increase the prosperity of American labor.

Lee, H. W. *Trade unions in India.* Am. Fed., Sept., 1928. Pp. 4.

Lovett, R. M. *The New Bedford strike.* New Repub., Sept. 12, 1928. Pp. 4. What is the future of this city of 120,000 people?

Mauldon, F. R. E. *Labour mobility in Australian industry.* Econ. Record, May, 1928. Pp. 11. This study casts light on the difficult question of labor mobility in general, which includes problems of cyclical and seasonal fluctuation, degrees of skill, sex, age, etc.

Maurette, F. *An inquiry into working conditions in coal mines.* Internat. Labour Rev., June, 1928. Pp. 16.

Millis, H. A. *British trade disputes and Trade Unions act, 1927.* Jour. Pol. Econ., June, 1928. Pp. 25. Summary of the law 1871-1926, followed by a detailed analysis of the provisions of the Act of 1927.

Palmer, G. L. *Trade customs in the Lancashire cotton industry.* Jour. Pol. Econ., June, 1928. Pp. 8.

Rabinowitch, H. *The handicraftsmen and modern industry.* Internat. Labour. Rev., June, 1928. Pp. 21. Emphasis on large-scale industry has obscured the fact that persons engaged in handicrafts far outnumber those in large-scale industry even in highly industrialized European countries. Important problems are indicated.

Robbins, L. *The representative firm.* Econ. Jour., Sept., 1928. Pp. 17. A discussion of the Marshallian conception.

Robertson, C. J. *The mobility of labour in Liverpool industry.* Soc. Rev., July, 1928. Pp. 12. The study of Liverpool is valid for much of England. The place and occupational mobility of typical groups, from general labor to skilled workers is considered in this summary of Mr. Robertson's manuscript. Emigration is more important than occupational mobility in relieving skilled workers.

Roche, J. *A coal company looks forward.* New Repub., Sept. 19, 1928. Pp. 2. "The Rocky Mountain Fuel Company—a striking exception among coal operators in the liberality and intelligence of its attitude toward organized labor and the coal industry."

Saposs, D. J. *Labor (social changes in 1927).* Am. Jour. Sociol., July, 1928. Pp. 12. As might be expected after a survey of the response of the labor movement to the fluctuations of the business cycle, 1927 represents a return to normalcy —slight gain in membership, loss of faith in the revolutionary possibilities of such panacea activities as labor banking and political action, etc., and the conversion of these into routine auxiliaries.

Swayzee, C. O. *Some things we don't know about the injunction.* Am. Fed., Aug., 1928. Pp. 6. Urges intelligent study of injunction processes and effects.

Tagge, A. C. *Getting results in accident prevention.* Labour Gaz. (Canada), July, 1928. Pp. 4. In five cement plants they accomplished a reduction of 75 per cent in accidents from 1920 to 1927 and saved 87.4 per cent in compensation and medical charges. In addition to these results, accident prevention work develops a spirit of coöperation with unrealized but tremendous possibilities.

Thompson, L. A. *Injunctions in labor disputes; bibliography.* Mo. Labor Rev., Sept., 1928, Pp. 19.

Wolman, L. *Wages (social changes in 1927).* Am. Jour. Sociol., July, 1928. Pp. 5. Difficulty of measurement; manufacturing wages remained stable; building trades wages rose but annual earnings fell; coal wages and earnings fell; on railroads both rose; insignificant decrease in cost of living.

Apprenticeship in building construction. Mo. Labor Rev., June, 1928. Pp. 14. Results of an investigation of 12 crafts in 19 cities.

Arbetslönernas fluktuationer i Sverige åren 1913-1927. Soc. Med., No. 6, 1928. Pp. 5. A preliminary report on the fluctuation of wages in Sweden during the period 1913-1927.

Changes in cost of living. Mo. Labor Rev., Aug., 1928. Pp. 12. 1.2 per cent lower in June, 1928, than in December, 1927, and 2.0 per cent lower than in June, 1927. Index number 170.0 on 1913 base.

Decision of Supreme Court in Morris and Company pension plan. Mo. Labor Rev., Sept., 1928. Pp. 2. Contributors to the fund have prior rights over retired pensioners.

Eleventh session of the International Labour Conference. Internat. Labour Rev., Aug., 1928. Pp. 31. The only two items on the official agenda were minimum wage-fixing machinery in backward industries, and the prevention of industrial accidents.

Hoover on labor. New Repub., Sept. 26, 1928. Pp. 3 Hoover's Newark speech reveals at once his strength as a humanitarian and technician and his weakness in his inability to see the problems of labor except from the point of view of a business executive.

Housing activities of labor groups. Mo. Labor Rev., Aug., 1928. Pp. 18. New York City and elsewhere.

Industrial diseases—analysis of factory reports, 1923: III, IV. Internat. Labour Rev., June, July, 1928. Pp. 16, 11.

Industrial Transference Board report. Min. Labour Gaz., Aug., 1928. P. 1. 200,000 are unemployed in coal-mining industry, and 100,000 more in heavy industries—all genuine industrial workers. The Board repudiates relief work, recommending absorption of other industries and migration, both to be encouraged by government appropriations.

Labor strategy. Nation, Sept. 19, 1928. P. 1. Militancy and independence for labor unions, but coöperation on the basis of collective bargaining.

League of Nations I. L. O.: eleventh session of the International Labour Conference. Labour Gaz. (Canada), July, 1928. Pp. 25.

Profit-sharing and labor copartnership in 1927. Min. Labour Gaz., June, 1928. Pp. 4. 440 firms; 235,000 participating workers; average percentage addition to earnings of 3.9.

Recent wage changes in various countries: I, Denmark, Norway, Sweden; II, Spain. Internat. Labour Rev., July, Aug., 1928. Pp. 15, 5.

The regulation of hours of work in European industry: I and II. Internat. Labour Rev., July, Aug., 1928. Pp. 17, 24. Covers regulation by legislation, collective action, and custom; statistical and descriptive.

Relief of unemployment. Min. Labour Gaz., Aug., 1928. P. 1. Migration; training schemes; juvenile unemployment centers; forest holdings; Canadian harvesters' scheme.

Report of English Conference on industrial relations. Mo. Labor Rev., Sept., 1928. Pp. 3. Three striking features in the report of the Mond Conference are the recognition of trade-unions, the advocacy of a board of appeals for workers, and the stressing of the establishment of boards for voluntary conciliation proceedings.

Report of Industrial Transference Board of England. Mo. Labor Rev., Sept., 1928. Pp. 4. There is a permanent surplus of 200,000 workers in the coal-mining industry, and probably 100,000 more in the heavy trades. Relief is to be found in methods of absorption into other industries, and in facilitating migration.

Seasonal unemployment in the clothing industries: I and II. Internat. Labour Rev., July, Aug., 1928. Pp. 28, 18. Statistical and descriptive material, dealing largely with the United States and Great Britain. Suggested remedies are education of the consumer, pressure on employers to pursue a policy of regularization of employment, and the organization of the labor supply.

Shop closing legislation in European countries: I and II. Internat. Labour Rev., July, Aug., 1928. Pp. 17, 14. An historical and descriptive outline of the problem of closing hours as dealt with in Europe.

Social insurance in France. Labour Gaz. (Canada), June, 1928. Pp. 5.

Social insurance in Germany in 1927. Labour Gaz. (Canada), June, 1928. Pp. 3.

Stability of railroad employment. Mo. Labor Rev., Aug., 1928. Pp. 8.

State and city retirement systems for teachers. Mo. Labor Rev., July, 1928. Pp. 11. A study covering 18 states and 7 large cities.

Strikes and lockouts in the United States, 1916-1927. Mo. Labor Rev., July, 1928.

Pp. 14. Detailed statistics. There were fewer strikes reported in 1927 than in any other year of period covered, 734 as compared with 1035 in 1926. This is 19 per cent as many as in 1916. Largest number of disputes in building trades, then clothing trades next, textiles, coal-mining. Largest number of employers affected in coal-mining, followed by building, clothing, and textile industries.

The Trades Union Congress. Min. Labour Gaz., Sept., 1928. P. 1.

Unemployment insurance in men's clothing industry—Chicago and Rochester. Mo. Labor Rev., July, 1928. Pp. 2. New three year agreement doubles employers' contribution and assures increased benefits to unemployed members. Employers now contribute 3 per cent of actual weekly pay-roll, employees 1½ per cent.

Unemployment, sickness and invalidity insurance in Canada: report of committee adopted by House of Commons. Labour Gaz. (Canada), June, 1928. Pp. 2. Endorses compulsory unemployment insurance.

Union scales of wages and hours of labor, 1913 to 1928. Mo. Labor Rev., Sept., 1928. Pp. 23. Statistical data covering 20 important trades in 40 localities. Preliminary to annual survey of Bureau of Labor Statistics.

Utredning rörande statstjñstemannena bisysslor. Soc. Med., No. 7, 1928. Pp. 7. A brief report on an investigation of work done by Swedish state functionaries outside their official employment.

Wage earners' health and mutual benefit associations (four articles). Law and Labor, Sept., 1928. Pp. 13. Seven times as much time is lost through sickness as through accidents. Mutual benefit associations give adequate sickness and death benefits and periodic health examinations. Aid in production and savings.

Wages and hours in brass and copper mills. Mo. Labor Rev., Aug., 1928. Pp. 8.

Wages and hours of labor in cottonseed-oil mills, 1927. Mo. Labor Rev., July, 1928. Pp. 14. 4,586 male employees covered; average hourly earnings 24 cents; average actual weekly earnings $15.53. Practically no women employed in this industry.

Wages and hours in manufacture of aluminum ware. Mo. Labor Rev., Aug., 1928. Pp. 8.

Wages and hours of labor in manufacture of radio receiving sets, speakers, and tubes, 1927. Mo. Labor Rev., Sept., 1928. Pp. 9.

Money, Prices, Credit, and Banking

(Abstracts by William O. Weyforth)

Baracs, J. *Zins, Kredit and Konjunktur.* Archiv f. Sozialwiss. u. Sozialpolitik, 59 Band, 3 Heft. Pp. 30. An analysis of the importance of the interest rate and credit as instruments for influencing business conditions.

Blatch, G. *An examination of some foreign exchange transactions.* Scottish Bankers Mag., July, 1928. Pp. 17. An analysis of the discounting of bills in foreign exchange and of commercial credits.

Bresciani-Turroni, C. *Considerazioni sui "barometri" economici.* Giorn. degli Econ., May, 1928. Pp. 32. Chiefly a criticism of the thesis of Karsten which connects the movements of the stock market with "the flow of money into or out of the stock market from or into the industrial world."

Cabiati, A. *Il cosidetto "dollar standard" e la politica monetaria del "federal reserve system."* Riforma Soc., May-June, 1928. Pp. 23. The policy of the federal reserve system in regard to the control of prices. Is it the value of the dollar which determines the value of gold?

——————*Prombemi monetari internazionali.* Riforma Soc., July-Aug., 1928. Pp. 13. On Parker Gilbert's demand that the amount of Germany's indebtedness for reparations be fixed, and on the federal reserve policy of the United States.

Cassel, G. *The rate of interest, the bank rate, and the stabilization of prices.* Quart. Jour. Econ., Aug., 1928. Pp. 19. The control of the quantity of the monetary unit in a country is in the hands of the central bank and the ultimate means for effecting this control is the bank rate. This rate should correspond

to the natural rate of interest bringing about equilibrium in the supply of and demand for disposal of capital. In practice this rate will be the one that maintains stability in the general level of prices.

Collins, B. A. *The Bihar and Orissa "one date" deposit system.* Bombay Coöp. Quart., June, 1928. Pp. 7. Describes system put into effect by banks in Bihar and Orissa in India under which deposits are made payable on only one date in the year, namely May 31.

Davidsohn, J. *Bidrag til liberalismens historie.* Nat. ök. Tids., no. 3, 1928. Pp. 17. A contribution to the history of liberalism in the form of a discussion of monetary theories during the first half of the eighteenth century.

Dessirier, J. *Les finances publiques et l'activité économique en divers pays, de 1919 à 1926.* Bull. Sta. Gén. de la France, Apr.-June, 1927. Pp. 45. A digest of the post-war evolution of the monetary system in each of the leading European countries and Japan, with a summary of stabilization measures. Subject to the caution necessary in international price comparisons, it appears that the highest levels of gold prices are (Dec., 1926) in the U. S. and other countries whose currencies were depreciated least after the war.

Ellsworth, D. W. *Business index up: probable effect of tight money.* Annalist, Aug. 17, 1928. Pp. 2. Decline in business activity has always followed high interest rates in the past, and the principal cloud on the business horizon today is tight money.

Falconbridge, J. D. *Conflict of laws relating to bills and notes.* Canadian Bar Rev., May, 1928. Pp. 20. Discussion of the difficulties incidental to the Bills of Exchange act, 1882, especially of sections 72 and 92, which deal with bills drawn in one country and "negotiated, accepted or payable in another" and the relations of the common law to the general act.

Foster, E. T. *Credit unions and the small loan problem.* Commerce Mo., Sept., 1928. Pp. 5. A description of the operation of credit unions organized for the purpose of making small personal loans to workingmen.

Hayek, F. A. V. *Das intertemporale Gleichgewichtssystem der Preise und die Bewegungen des "Geldwertes."* Weltwirtsch. Archiv, July, 1928. Pp. 74. The question of prices should be considered not from point of view of one particular period of time but from point of view of the relationship between different periods of time.

Hind, W. B. *Seasonal fluctuations in the price of Canadian common stocks.* Jour. Canadian Bankers Assoc., July, 1928. Pp. 8. An article based on the recent publication by the Dominion Bureau of Statistics showing monthly changes in the average price of the principal classes of stock for the past nine years.

K., J. M. *The French stabilization law.* Econ. Jour., Sept., 1928. Pp. 6. The text (slightly abridged) of the recent law establishing the gold standard in France is given.

Kretschmann, J. G. *La riforma monetaria bolschevica.* Giorn. degli Econ., Aug., 1928. Pp. 20. On the reform of the Russian currency, especially from 1922 to 1924.

Lawrence, J. S. *Borrowed reserves and bank expansion.* Quart. Jour. Econ., Aug., 1928. Pp. 34. An analysis of the extent to which a bank may increase its loans as the result of a given increase in its reserves, borrowed from a federal reserve bank. Contrary to the opinion of Professor Phillips on the same subject, the conclusion is reached that loans may be increased to a considerable extent in excess of borrowed reserves so that increases in the discount rates of reserve banks can have little effect in restricting credit extended by member banks.

Macrosty, H. W. *Trade and the gold standard.* Jour. Royal Stat. Soc., Part III., 1928. Pp. 43. This is a detailed historical investigation of the movements in prices and in money market and trade conditions in England since the restoration of the gold standard in 1925. The writer concludes that there is no statistical reason for believing that current business is now suffering from the restoration of the gold standard.

McCabe, G. K. *No relation between time deposit rates and total savings in banks.* Annalist, June 29, 1928. Pp. 2. Offers statistical evidence to show that savings deposits are not attracted by high interest rates and that these high rates unduly depress the banker's margin of profit.

Mildschuh, V. *Une théorie de l'inflation de credit comme substitut à la théorie quantitative de la monnaie.* Revue d'Econ. Pol., July-Aug., 1928. Pp. 13. Following Aftalion, changes in the general level of prices are considered as consequences of changes in the national money income. The effect of government borrowing is considered.

Miller, A. C. *Influence of federal reserve policies on credit and money rates.* Trust Cos., July, 1928. Pp. 2. It is expected that the primary reliance in the credit-control technique of the federal reserve in the future will be the discount rate rather than the open market operation.

Pasvolsky, L. *France for the first time adopts the gold standard: genesis of the new franc.* Annalist, July 13, 1928. Pp. 3. Surveys the monetary history of France since the close of the war and analyzes the recent measures by means of which France has been placed on the gold standard.

Payden, E. *La nouvelle loi monétaire française.* Jour. des Econ., July 15, 1928. Pp. 20. Summarizes the new monetary law of France establishing the gold standard. The text of the law as well as of the various conventions entered into in connection therewith are given.

Protecdicos, D. C. *Banking reform in Greece.* Bankers' Mag. (London), July, 1928. Pp. 10. Describes the plans for the dividing up of the functions of the national bank of Greece, among specialized institutions, which has heretofore engaged in a wide variety of financial operations. One of these is to be the Bank of Greece which is to be a central bank in the most restrictive and up-to-date meaning.

Robertson, D. H. *Theories of banking policy.* Economica, June, 1928. Pp. 16. Makes a comparison of three principles to form a basis of modern banking policy, —namely, the gold standard principle, the principle of productive credit, and the principle of price stabilization.

Ross, H. T. *The double liability clause.* Jour. Canadian Bankers Assoc., July, 1928. Pp. 3. An interesting description of the history and importance of the double liability clause in the Canadian Bank act.

Sanders, T. H. *Cost control in banks.* Harvard Bus. Rev., July, 1928. Pp. 13. Discusses the problem of cost accounting in a bank.

Saunders, A. J. *The Indian reserve bank and Sir R. Blackett's work in India.* Econ. Jour., Sept., 1928. Pp. 9. The plan for the establishment of the Indian reserve bank, as recommended by the Royal Commission on Indian Currency and Finance, has had to be dropped, at least temporarily, because of the opposition of Indian nationalists who favor a state bank subject to legislative control, as against a private bank independent of such control.

Sprague, C., Jr. *Gold production in South Africa.* Stone & Webster Jour., July, 1928. Pp. 10. A description of the processes of gold production in the Witwatersrand.

Sprague, O. M. W. *The banking position and its prospects: control lies with reserve banks.* Annalist, July 20, 1928. Pp. 2. The measures taken by the federal reserve system to combat excessive speculation on the stock exchange have been too mild. There should have been more abrupt increases in the discount rate so as to administer a shock to the unintelligent sentiment on which speculation thrives. The loss of gold has facilitated but has not made necessary a restriction of credit.

Starnes, G. T. *Sixty years of branch banking in Virginia.* Jour. Pol. Econ., Aug., 1928. Pp. 21. An historical sketch of the successful system of branch banking in Virginia for 60 years prior to the Civil War.

Stevens, E. M. *Changes in sources and employment of credit.* Trust Cos., June, 1928. Pp. 5. Traces the revolutionary changes in American economic, industrial and banking relations, which have created new channels of credit.

Wynne, W. H. *Some aspects of central banking.* Jour. Canadian Bankers Assoc., July, 1928. Pp. 8. A valuable comparison between the central banks of various countries suggesting that the reserve ratio may become an important determinant of the credit policy of the federal reserve bank.

Young, O. D. *Recent federal reserve policy.* Am. Rev. Rev., Sept., 1928. Pp. 4. The recent policy of the federal reserve system in connection with the call money market is surveyed.

Zempleni, E. *Wirtschafts- und Finanzgeschichtliches zur Bankozettelperiode in Ungarn.* Ungarische Jahrb., July, 1928. Band VIII, Heft 1 and 2. Pp. 24. Treats of the economic and financial events of the years 1802-1811 in Hungary during the period of irredeemable bank notes.

Amalgamation of the note issue. Bankers' Mag. (London), June, 1928. Pp. 8. Editorial comment on bill recently passed by Parliament providing for the amalgamation of treasury notes with the Bank of England issue in the hands of the Bank of England.

La Banque de France et la reforme monétaire. L'Econ. Franç., July 14, 1928. Pp. 3. Considers the manner in which the Bank of France is affected by the recent currency reform in France.

Branch banking chief topic at A.I.B. convention. Bankers' Mag., Aug., 1928. Pp. 8. Summarizes the proceedings at the convention of the American Institute of Banking in Philadelphia June 19-21.

La loi monétaire. L'Econ, Franç., July 7, 1928. P. 1. Concludes the publication of documents relative to the transformation of the French monetary system. Publication was begun in the number of *L'Economiste* for June 30, 1928.

Le metal-argent: sa production, ses prix, sa situation en France au point de vue monétaire. L'Econ. Franç., Sept. 1, 1928.

Progress of banking in Great Britain and Ireland during 1927. Bankers' Mag. (London), July, Aug., 1928. Pp. 24, 6. Analysis of balance sheets of banks in Great Britain and Ireland. Analysis of profits and their distribution.

Stabilisation et revalorisation. L'Econ. Franç., June 30, 1928. Pp. 4. A criticism of the new French law providing for establishment of the gold standard with a reduced gold content in the franc.

Public Finance

(Abstracts by Charles P. Huse)

Backhouse, J. C. *Influence of income tax on earnings.* Bankers' Mag. (London), June, 1928. Pp. 7. Believes that the tax is an important factor in keeping up the rate of interest.

Blakey, R. G. *Revenue act of 1928.* Am. Econ. Rev., Sept., 1928. Pp. 22.

Brady, L. *Death taxes—flat rates and reciprocity.* Am. Bar Assoc. Jour., June, 1928. Pp. 4. Gives a useful summary of the practice of those states which have adopted liberal policies in dealing with the property of non-resident decedents.

Duncan, G. A. *The Irish Free State budget.* Econ. Jour., June, 1928. Pp. 9. While the state has so far really met its current expenses from current revenues, the prospects for the future are not so good.

Graham, W. *National and local expenditures.* Bankers' Mag. (London), July, 1928. Pp. 8. Traces the development of the policy of national grants to local governments in England and considers recent proposals to change the system from a percentage basis to one of block grants, subject to quinquennial revision.

Graziani, A. *Tendenze monopolistiche nell'economia contemporanea.* Scientia, Sept., 1928. The author protests against the protective duties which impede the

intercourse of nations, and which, though they have many causes, are chiefly promoted by the material interests of special groups.

Jèze, G. *La dette publique de l'Angleterre de 1786 à 1830.* Rev. de Sci. et de Légis. Finan., Apr.-May-June, 1928. Pp. 11. Pitt's scheme of 1798, which made the land tax permanent and allowed landowners to redeem the tax through the transfer of consols to the treasury, helped but little in the amortization of the debt, prevented reforms in the tax and deprived future generations of the fiscal benefit from increases in rentals.

Kambe, M. *On the taxpayer.* Kyoto Univ. Econ. Rev., July, 1928. Pp. 55. Considers the theory and the practice regarding the taxation of states, sovereigns, local governments, corporations and individuals.

Kilpatrick, W. *Is there a New York state policy for financing improvements?* Bull. Nat. Tax Assoc., June, 1928. Pp. 11. A review of her recent finances shows the need of a definite policy.

Lutz, H. L. *The problem of national bank taxation with special reference to California.* Bull. Nat. Tax Assoc., June, 1928. Pp. 8. Explains the problem and outlines several possible courses which California might adopt.

Mills, R. C. *Financial relations of the Commonwealth and the states.* Econ. Record, May, 1928. Pp. 14. Traces the course of Australian finances since the adoption of the federal constitution. The war has increased the fiscal importance of the Commonwealth.

Murphy, W. F. *Australian state income tax schemes.* Econ. Record, May, 1928. Pp. 14. Increasing expenditures led the various states to adopt the income tax around 1900, and the war established it as a Commonwealth tax in 1915.

Oppermann, A. *Skovbrugets ejendomsskatter.* Nat. ök. Tids., No. 3, 1928. Pp. 21. The author discusses the taxation of forest property in Denmark and makes suggestions to remove the uncertainty and arbitrariness of the existing system.

Shiomi, S. *The state disbursement of compulsory education expenditure and the transfer of the land tax to the local treasuries.* Kyoto Univ. Econ. Rev., July, 1928. Pp. 25. Government proposals for the carrying out of these reforms have taken a leading place in recent Japanese election issues.

Snavely, T. R. *The Colwyn committee and the incidence of income tax.* Quart. Jour. Econ., Aug., 1928. Pp. 28. Examines the conclusions of the committee in the light of economic theory and available statistics and finds them sound. The general income tax is not shifted and its indirect effects in repressing initiative are not serious.

Tharp, C. R. *The development of the North Dakota state income tax.* Quart. Jour. Univ. of N. Dakota, May, 1928. Pp. 25. In 1919 a mildly progressive tax was established with higher rates on unearned incomes. This was changed in 1923 to one following the model plan of the National Tax Association's committee, taxing only residents of the state on their entire net income, regardless of source.

Trotabas, L. *Essai sur le droit fiscal.* Rev. de Sci. et de Légis. Finan., Apr.-May-June, 1928. Pp. 36. Holds with the minority that fiscal law is independent and not subservient to private law.

Treaty regulating tariff relations between the United States of America and Republic of China. Chinese Social and Pol. Sci. Rev., July, 1928. Pp. 4. Gives the text of the treaty and of notes exchanged between the United States and China.

Population

(Abstracts by A. B. Wolfe)

Cavanaugh, F. *Administering the immigration law.* Catholic Charities Rev., June, 1928. Pp. 4. Stricter enforcement is needed.

Clark, J. B. *Canada's immigration problem.* Nineteenth Century, June, 1928. Pp. 12. Discussion of various factors checking the growth of population in Canada.

Dupreel, E. *L'optimum de population et ses critères.* Rev. de l'Institut de Sociol.,

Jan.-Mar., 1928. Pp. 35. Discussion of possible criteria of the optimum and of difficulties inherent in the concept. Holds that the optimum must be a dynamic affair, consistent with continual increase of population.

Fraser, M. *New Zealand infant mortality and still-birth.* Econ. Record, May, 1928. Pp. 12. The present system of computing infant mortality rates is unsatisfactory. All reports of still-births should state if possible the cause of death and the intra-uterine age of the foetus.

Fry, C. L. *Illegal entry of orientals into the United States between 1910 and 1920.* Jour. Am. Stat. Assoc., June, 1928. Pp. 5. From an analysis of the 1910 and 1920 censuses, the figures on recorded oriental immigration, and the mortality statistics for orientals in the U. S., Mr. Fry reaches the conclusion that the number of orientals smuggled into the U. S. between 1910 and 1920 ranges between 16,500 and 50,000, with the probable number around 27,000.

Jastrzebski, S. de. *Changes in sex and age constitutions of some representative European populations.* Jour. Royal Stat. Soc., vol. XCI, part 2, 1928. Pp. 19. In the 6 countries studied, population was more dense in 1920-21 than in 1910. But the age and sex constitutions show radical changes even among the non-belligerents. Some of these changes are traceable directly to the war; others were in progress before the war.

McMillan, A. J. *Canadian immigration.* Dalhousie Rev., July, 1928. Pp. 9. A criticism of Canada's immigration policy on the grounds that British immigrants are not sufficiently encouraged.

Orchard, J. E. *The pressure of population in Japan.* Geog. Rev., July, 1928. Pp. 27. History of Japanese population, correlated with economic and political conditions. Possible measures of relief are considered. None promise much except birth control.

Russell, W. T. *A study of Irish fertility between 1870 and 1911.* Metron, Vol. VII, No. 2, 1928. Pp. 13. In this period the fertility of Irish wives in four selected provinces has on the whole changed but little, even in the non-Catholic counties, and in some districts has increased decidedly in the later years.

Smith, G. H. *A population map of Ohio for 1920.* Geog. Rev., July, 1928. Pp. 6. Dot map of Ohio population distribution, by the Sten De Geer sphere method.

——— *The populating of Wisconsin.* Geog. Rev., July, 1928. Pp. 20. Six dot maps of the distribution of population in Wisconsin, 1850, 1860, 1870, 1880, 1900, and 1920. Discussion of the history of Wisconsin population movements. Many smaller maps and illustrations.

Insurance

(Abstracts by F. E. Wolfe)

Apelbaum, J. *Zu den Problemen der privaten Krankenversicherung.* Zeitschr. f. d. ges. Versich.-Wis., July, 1928. Pp. 10. Describes object and provisions of insurance against sickness.

Bailey, W. B. *The allocation of adjustment expense to line of insurance.* Spectator, June 14, 1928. Pp. 8. On basis of ascertained outlay of time and labor shows costs for 12 casualty lines.

Bishop, A. L. *Insurance needs greater publicity.* Jour. Am. Insur., June, 1928. Pp. 3.

——— *Business life insurance.* Harvard Bus. Rev., July, 1928. Pp. 10. Describes usefulness of life insurance to protect against loss of valuable personnel in business organizations.

Blanchard, R. H. *Collegiate education in insurance.* Spectator, July 12, 1928. Pp. 2.

——— *Unearned premium reserves.* Jour. Am. Insur., Sept., 1928. Pp. 3. Treats of function and implications of reserve.

Fehlinger, H. *Internationale Ubereinkommen betr. die Sozialversicherung.* Archiv

f. Sozialwiss. u. Sozialpolitik, Band 60, Heft 1. Pp. 6. Summary of scope and significance of expansion of social insurance into various fields.

Hardy, E. R. *Progress in fire insurance rate making.* Spectator, July 12, 1928. Pp. 4. Criticism of rate making in different fields.

Hoffman, F. L. *The cost of burial and its relation to insurance.* Spectator, June 21, 1928. Pp. 3. Of 974 estate accounts analyzed, estates under $1,000 consumed 62 per cent in burial expenses, while estates of $1,000,000 and over consumed only 0.2 per cent. Public education and reorganization of burial industry recommended.

———— *The aftermath of the Italian insurance monopoly.* Spectator, July 12, 1928. Pp. 2. Monopoly did not foster insurance, and is recognized a failure.

———— *The tuberculosis death rate of 1927.* Spectator, Aug. 30, 1928. Pp. 4.

Hoffman, G. W. *Crop hazards and their insurance.* Jour. Am. Insur., June, 1928. Pp. 3. Considers proposals for insuring against risk of a decline in price of particular crops.

Huebner, S. S. *The value of life insurance to the policy-holder himself.* Spectator, Sept. 29, 1928. Pp. 2.

Kulp, C. A. *Accident and health insurance.* Jour Am. Insur., July, 1928. Pp. 4. Treats non-cancellable provision.

Laing, J. M. *Notes on new national life tables.* Jour. Inst. Actuaries, July, 1928. Pp. 95.

Little, L. B. *Investment policies of life companies.* Jour. Am. Insur., Oct., 1928. Pp. 4. Brief survey of Metropolitan policy.

Manes, A. *Foreign insurance combinations.* Jour. Am. Insur., Sept., 1928. Pp. 4. Classifies types of producers, combinations in Germany.

Martinoli, S. *Automobilversicherung in den Vereinigten Staaten.* Zeitschr. f. d. ges. Versich.-Wis., July, 1928. Pp. 22. Brief description of collision, fire, theft, property damage, and public liability coverage.

Massmann, E. *Die Kreditversicherung in juristicher Betrachtung.* Teil II. Zeitschr. f. d. ges. Versich.-Wis., July, 1928. Pp. 18.

Perry, G. *Use and occupancy, profits and rents insurance* Jour. Canadian Bankers Assoc., July, 1928. Pp. 8. A valuable description of the forms of insurance covered by the term business indemnity.

Pringle, J. C. *Unemployment insurance in Great Britain.* Social Service Rev., June, 1928. Pp. 39. Criticizes insurance plan as not having proved a successful device for dealing with unemployment. People have accepted it as relief. Favors classical view that unemployed should be assisted from voluntary sources and thorough constructive case work should be done on each case.

Thomas, A. *La "Regolamentazione internazionale dell' assicurazione malattia e la riforma italiana in materia di previdenza a di assicurazioni sociali."* Assicurazioni Soc., Mar.-Apr., 1928. Pp. 26. On the recommendations of the tenth international labor conference with regard to insurance against invalidity.

Valgren, V. N. *Insurance problems of farmers.* Jour. Am. Insur., Sept., 1928. Pp. 3. Analyzes production and marketing risks.

————. *Consistency in insurance terminology.* Jour. Am. Insur., Oct., 1928. Pp. 2.

Warren, C. F. *Further notes on an investigation into the mortality experienced by pensioners of the staffs of banks and insurance companies.* Jour. Inst. Actuaries, July, 1928. Pp. 35.

Wolfe, F. E. *Insurable interest in fire insurance.* Jour. Am. Insur., June, 1928. Pp. 3. Shows application and classifies types legally recognized.

————. *Business interruption insurance.* Jour. Am. Insur., July, 1928. Pp. 4. Describes use and occupancy and other kindred coverages.

Den nya franska socialföäkringslagen. Soc. Med., No. 6, 1928. Pp. 7. An outline of the recently enacted French social insurance law showing clearly its scope and how it will be administered.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

Brown, D. V. *New South Wales family endowment act, 1927.* Quart. Jour. Econ., May, 1928. Pp. 7. Reviews briefly the efforts made in New South Wales to enact legislation providing for allowances to families receiving less than the basic wages as announced by the industrial commissioner. The law as finally passed is an endowment act and provides for a weekly payment of certain sums to supplement the income of the family. It also provides for a family endowment fund and allows considerable flexibility in the application of the funds. It is too early to estimate the success of the law.

Hoffer, F. W. *An adventure in county public care of children.* Social Forces, Mar., 1928. Pp. 8. Deals with an experiment made in Virginia during the years, 1916-1927. More than 600 children have come under the jurisdiction of the department, and it was possible to follow a program similar to that carried out by the larger associations in more populous centers. A marked degree of success has been achieved. Accordingly the writer feels that the experiment points the way for other county units in a program for the care of dependent, neglected and destitute children.

Lapp, J. A. *Child labor and child opportunity.* Catholic Charities Rev., May, 1928. Pp. 2. Writer insists that constant vigilance is necessary in order to protect children against exploitation. A new phase of the problem consists in efforts to promote education and opportunity, to provide vocational training and part-time education and to help children to adjust themselves to industry. Still another development is the mothers' pension system by means of which greater opportunities will be afforded to children everywhere. The prohibition of child labor leads to other obligations which we must accept.

Statistics

(Abstracts by Harry Jerome)

Altschul, E. *Berechnung und Ausschaltung von Saisonschwankungen.* Merkblatt II/III der Frankfurter Gesellschaft für Konjunkturforschung, Aug., 1927. Pp. 36. A well-stated, non-technical explanation of the computation of typical seasonal variation by the method of arithmetic means, both unadjusted and adjusted for trend, and by the link relative method, all illustrated by 1904-1913 data for electric current in Frankfort for light, street car and power use, respectively.

Bernstein, S. *Fondements géométriques de la théorie des correlations.* Metron, Vol. VII, No. 2, 1928. Pp. 26. A study of correlation from the point of view of the influence of one variable upon the shape of the distribution curve of the other.

Bowley, A. L. *Notes on index numbers.* Econ. Jour., June, 1928. Pp. 22. A discussion of the causes of errors and problems of averaging and weighting involved in index numbers of prices, cost-of-living, quantity, production, and wages.

Bresciani-Turroni, C. *Considerazioni sui "barometri" economici.* Giorn. Econ., July, 1928. Pp. 40. The economic cycle in Germany from 1924 to 1927. The relation between the rate of interest, the accumulation of stocks and price of bonds.

Daugherty, C. R. *An index of the installation of machinery in the United States since 1850.* Harvard Bus. Rev., Apr., 1928. Pp. 15. An analysis of the total horsepower of power equipment, and the horsepower per employee, in ten fields of industry, 1849 to date, affords an indication of the relative increase in mechanization in agriculture, manufacturing, transportation, etc.

Davis, R. M. *Long-time guarantees of prosperity.* Jour. Am. Stat. Assoc., June, 1928. Pp. 7. The persistent trend in industrial prosperity, aside from cyclical fluctuations, is founded upon an improved industrial balance arising from an increased use of power, receptibility to new goods, better distribution technique, and, as the mainspring, industrial research.

Furlan, V. *Sur une formule générale de la moyenne.* Metron, Vol. VII, No. 2,

1928. Pp. 23. A study of correlation between variables from the point of view of the effect of one variable on the shape of the distribution curve of the other.

Gini, C. *Le statistiche delle esportazioni.* Riv. di Pol. Econ., May, 1928. Pp. 5. An explanation of apparent discrepancies in the statistics of importation and exportation.

Kuznets, S. *On moving correlation of time sequences.* Jour. Am. Stat. Assoc., June, 1928. Pp. 16. Three methods for the computation of moving correlation have been devised by Russian statisticians. Of these the sliding coefficient of Bobrov, which changes like a moving average, seems preferable. Applied to secular movements of production and prices in the U. S. it indicates that stable correlation is the exception rather than the rule.

McChesney, R. *The graphical construction of moving averages.* Jour. Am. Stat. Assoc., June, 1928. Pp. 9. A very simple method for the graphical construction of three-month moving averages, and, with somewhat greater labor, averages of two, four, or more periods.

Rowntree, R. H. *Measuring the accuracy of prediction.* Am. Econ. Rev., Sept., 1928. Pp. 13.

Sailbante, M. *La concentrazione della popolazione.* Metron, Vol. VII, No. 2, 1928. Pp. 48. Three mathematical measures of the concentration of populations, applied both to urban populations and to total populations, indicate that the variation in the number of cities according to size is inverse and may be represented mathematically, as between countries and for the various regions of a single country. Concentration is increasing and though in urban districts it tends to be inversely related to density of population, on the whole it is more closely related to social and economic conditions than to density. Comparisons are also made between wealth per inhabitant and the degree of concentration.

Shewhart, W. A. and Winters, F. W. *Small samples—new experimental results.* Jour. Am. Stat. Assoc., June, 1928. Pp. 10. "Student's theory is shown superior to customary error theory, applied to small samples, by empirical tests, but discrepancies still exist between student's theory and actual results."

Snyder, C. *The index of volume of trade: second revision.* Jour. Am. Stat. Assoc. June, 1928. Pp. 10. The new revision is chiefly by way of the addition of more series, with no material changes in the general results, which emphasize the relative stability of trade as compared with primary production.

——————— *The index of the general price level.* Quart. Jour. Econ., Aug., 1928. Pp. 7. Mr. Snyder defends, against the criticism of Dr. Haberler, the value of an index of the general price level, on the grounds of its practical usefulness.

Stevenson, T. H. C. *The vital statistics of wealth and poverty.* Jour. Royal Stat. Soc., Vol. XCI, Part II, 1928. Pp. 14. Particularly where tax data do not give an adequate basis upon which to classify population by income or wealth, the most feasible method of studying the effect of differences in social status upon mortality, natality, and morbidity, is a division into broad social classes based upon occupation. This method applied to British data has yielded mortality and natality rates varying regularly with social status.

Sydenstricker, E. *The statistician's place in public health work.* Jour. Am. Stat. Assoc., June, 1928. Pp. 6. The statistician, whether in administrative or research work, must know thoroughly the data of the field in which he is working, as well as technique.

Talgliacarne, G. *La nuova base del calcolo degli indici dei prezzi in America.* Economia, Apr., 1928. Pp. 5. A protest against basing the index of prices on those of 1926 as has been done by the labor bureau and by Irving Fisher.

———————. *Media aritmetica e media geometrica nel calcolo dei numeri indici-dei prezzi all'ingrosso.* Giorn. Econ., June, 1928. Pp. 22. Advocating the use of a geometric mean in calculating the index of wholesale prices.

'T. Hooft, Ir. F. W. *Sterftetafels, sterftecijfers en generatietafels.* De Econ. (Dutch), July-Aug., 1928. Pp. 25. A study of methods in the use of mortality tables and vital statistics.

THE COAL SITUATION IN AUSTRALIA: Australia is facing the same kind of coal crisis as Great Britain and the United States. The reasons are similar in all three countries,—over-development of the industry combined with a contracting market. New South Wales is by far the most productive coal state of the Commonwealth. It contains 60 per cent of the known reserves of coal in Australia, and perhaps 80 per cent of the total possible reserves. Moreover, 60 per cent of the coal in New South Wales is contained in one region, the Hunter River Valley. In 1926, the 78 principal collieries in New South Wales worked on an average only 188 days. Less than half of the existing collieries could produce the coal needed in Australia, together with the amount exported overseas. It has been calculated that there is a surplus of, at least, 5,000 miners in the industry. These miners are entitled to claim wages which will give them decent living standards. They work on piece rates. This means that piece rates must be high enough to give them an annual living wage in spite of the broken time and short time that is worked. The wages bill of the industry is thus unnecessarily heavy.

Why, then, are not some of the existing collieries closed? The answer can only be made effectively by the coal owners, and hitherto they have not made it. But, to an observer, the answer seems fairly clear. It is because of the reluctance of the colliery proprietors to forego returns from the capital invested in certain collieries, if not to lose it altogther. Such collieries, older and poorer than the rest, are still being worked, although their costs of production are abnormally heavy. Under conditions of free competition, lowered prices would speedily drive these collieries out of business. Their capital could not easily be liquidated. It would be lost. But a state of free competition does not exist. What precise degree of combination exists is not clear, but it is generally admitted that the associated coal companies in the Northern New South Wales field are working on a price agreement. A recent statement that one of the largest proprietors had recently broken away from the Northern Collieries Association was publicly denied by the chairman of that Association.

The result of this is that prices are fixed, from the coal owners' side, by the costs of production in the least advantageously situated collieries. This may be good business for the more prolific and easily worked collieries, but it is bad business for the consumer.

The demand for coal in Australia, however, is inelastic. The market does not respond swiftly to price changes. The steadily upward movement of prices has, therefore, evoked grumbling and increased prices in manufactured goods, but not much else.

The export market is a different matter. Manufacturers in India, South America, and the Philippines have no special preference for Newcastle coal, nor any responsibility for the regular employment of Australian miners, nor even any regard for the dividends of Australian shareholders. And so it has come about that the gradually increasing price of coal has shut one effectual export door after another upon the Australian coal industry. The opening of the Panama Canal gave buyers on the West Coast of South America a chance to get cheaper supplies from the fields of the United States. Japan,

though producing a coal much inferior to the Australian, has cut into the market in the East Indies and Philippines. India found British firms eager to extend their own narrowing market—after the collapse of 1926—by underbidding Australian offers. This process has gone on until the overseas trade, which absorbed 3,500,000 tons in 1913 (one-third of the New South Wales output) now only takes 1,500,000 tons. But the climax was reached when the Premier of South Australia—itself destitute of coal resources and hitherto relying on interstate imports—announced that he had quotations for cargoes of English Tyneside coal for government undertakings at less than the existing contract prices for New South Wales coal.

This has given the coal owners, miners, and the general public a glimpse of what might happen even in the Australian market if the price of coal to the consumer is not reduced. The coal owners have besought the government of New South Wales to come to their aid by reducing freights. The government has replied that a thorough inquiry must be held into the conditions of the industry. The miners allege that the industry is burdened with interest payments on inflated capital values. To the onlooker it would seem that neither the owners nor the miners can escape responsibility for the present state of things. If coal continues to be mined in collieries below the economic margin of production, then the industry will be permanently burdened with an unnecessarily high selling price. And if the frequent conflicts and stoppages of work due to the action of the miners are continued, then the resultant uncertainty of delivery will operate to turn overseas and interstate buyers to other more dependable sources of supply. It is certain that any policy of laying up the inefficient collieries will react hardly upon the miners employed therein. And labor dislocation among miners is no easy difficulty to solve. Added to their vested skill and their social habits there is the consideration that many of them have become the owners of their own houses, whose value will greatly depreciate if the adjacent mines are closed down.

As things are, only a drastic reorganization of the industry will save it. This will entail burdens upon the miners, the owners, the shareholders and the community. But is it not wiser to consent to this now, than to wait for the same results to be achieved by attrition with its attendant spectres of unemployment, slow starvation, repeated business failures and human misery?

University of Sydney G. V. Portus

Industries and Commerce

The Department of Commerce has published the sixth number of the *Commerce Yearbook, 1928,* volume I, *United States.* It is stated that commencing with this issue the yearbook will be designated by the year in which it is published; consequently there was no issue bearing the date 1927. This is compiled by the Bureau of Foreign and Domestic Commerce under the directorship of Julius Klein (pp. xx, 708, $1.25).

The federal Department of Commerce has published in the series of Trade Information Bulletins: No. 562, *Markets for Hand Tools in Canada and Latin America* (pp. 57, 10c.); No. 563, *Central American Markets for Electrical Equipment* (pp. 23, 10c.); No. 564, *Latin American Budgets. Part IV, Central America and Panama,* by J. C. Corliss (pp. 55, 10c.); No. 565,

Market for Electrical Equipment in Germany (pp. 28, 10c.); No. 566, *Market for Agricultural Implements and Machinery in Australia,* by E. G. Pauly (pp. 46, 10c.); No. 567, *The Market for Hosiery in South America* (pp. 32, 10c.); No. 568, *Foreign Trade of the United States in the Calendar Year 1927 according to the International Statistical Classification* (pp. 9, 10c.); No. 569, *The Baltic States, Estonia, Latvia, and Lithuania: A Short Review of Resources, Industry, Finance, and Trade,* by Alvin C. Eichholz (pp. 64, 10c.); No. 570, *Flour Markets of South America* (pp. 54, 10c); No. 571, *International Sole Leather Trade and Production in 1927* (pp. 64, 10c.); No. 572, *Foreign Trade of the United States in the Fiscal Year 1927-28,* by L. B. Mann and G. A. Witherow (pp. 24); No. 573, *Raw Materials Entering into the Japanese Iron and Steel Industry,* by J. H. Ehlers (pp. 21, 10c.); No. 574, *Selling American Leather in Germany,* by W. Hertz (pp. 27, 10c.).

In the Trade Promotion series have appeared No. 66, *Trading under the Laws of Canada,* by W. J. Donnelly and Charles R. Gruny (pp. v, 46, 10c.); No. 67, *Australian Public Finance,* by Joseph Mayton (pp. vi, 44, 20c.); No. 68, *Cocoa in West Africa,* by L. J. Schwarz (pp. iv, 44, 15c.).

The United States Tariff Commission has published a series of reports to the President of the United States relating to the differences in the costs of production of various commodities in accordance with Section 315 of the Tariff act of 1922. Recent reports are *Rag Rugs* (pp. 37, 10c.) and *Barium Carbonate* (pp. 18, 5c.). This Commission has also made a report under the provisions of Section 316 of Title III of the Tariff act of 1922, giving its opinion, findings and recommendations in the matter of *Certain Laminated Products.* This deals with alleged unfair methods of competition and unfair acts in the importation and sale of these products (pp. 16, 5c.).

A revised edition of *Costs of Producing Sugar Beets, Part VIII, Montana,* has been printed by the United States Tariff Commission (pp. 64).

Petroleum Industry: Prices, Profits, and Competition, a report by the Federal Trade Commission, has been published as Senate Document No. 61, 70th Congress, 1st Session (pp. xxiii, 360). This report is made in response to Senate Resolution No. 31, 69th Congress, 1st Session, adopted June 3, 1926. It covers a survey of the growth of the petroleum industry; its organization and control; production, consumption, stocks and prices of raw materials and also of refined products; competition in marketing the products; and profits of producing and pipe-line companies.

The Federal Trade Commission has also made its report relating to the *Supply of Electrical Equipment and Competitive Conditions,* published as Senate Document No. 46, 70th Congress, 1st Session (1928, pp. xix, 282, 45c.). This is the second volume issued under this resolution of the Senate, the first volume being entitled *Control of Power Companies,* published as Senate Document No. 213, 69th Congress.

The Bureau of Railway Economics in Bulletin No. 31 summarizes information on *Unloads of Fresh Fruits and Vegetables at Sixty-Six Important Consuming Markets in the United States, Year 1927* (July, 1928, 1024 Transportation Building, Washington, pp. 24).

The Financial News (111 Queen Victoria Street, London) has prepared a special world chart of artificial silk which brings together the statistics of production in different countries.

Labor

The Women's Bureau of the United States Department of Labor has issued in Bulletin No. 64 a study of *The Employment of Women at Night,* by Mary D. Hopkins (Washington, 1928, pp. 86, 15c.).

The Annual Report of the Department of Labor and Industries of the Commonwealth of Massachusetts for the Year Ending November 30, 1927 has been issued as Public Document No. 104 (Boston, pp. 77).

The Division of Minimum Wage of the Department of Labor and Industries of the Commonwealth of Massachusetts has rendered a statement and decree concerning the wages of women employed in the electrical equipment and supplies occupation in Massachusetts (Boston, April 5, 1928, pp. 4).

The Report of the Division of Minimum Wage of Massachusetts has also been issued as a reprint from the annual report. This covers the year ending November 30, 1927 (Boston, pp. 44).

The committee reports on industrial conditions prepared by the Economic Section of the Secretariat of the League of Nations may be obtained from the World Peace Foundation, 40 Mount Vernon Street, Boston.

Population

The hearings before the House Committee on Immigration and Naturalization, 70th Congress, 1st Session, held February 21, 1928, on *The Eugenical Aspects of Deportation,* including the testimony taken April 28, 1926, and the statement of Dr. Harry H. Laughlin have been printed (Washington, pp. 84). The same Committee has also published Extracts from Hearings on *American History in Terms of Human Migration* held March 7, 1928 (Washington, pp. 21).

Statistics

As a measure of the purchasing power of farm products the United States Department of Agriculture has begun using the retail prices that farmers pay for what they buy instead of the wholesale prices of non-agricultural goods for comparisons. Under the new system the department takes the prices since 1910 of commodities purchased by farmers for living expenses and for operating the farm. The prices paid are weighted by estimates of quantities purchased for the average farm in the period 1920-1925.

NOTES

In accordance with the notice in the September issue, the forty-first annual meeting of the AMERICAN ECONOMIC ASSOCIATION will be held in Chicago, Illinois, December 26-29, with headquarters at the Stevens Hotel. The preliminary program has been arranged as follows:

WEDNESDAY, December 26

6:00 P.M. Meeting of the Executive Committee

8:00 P.M. First Session (Joint Meeting with the American Association for Labor Legislation)

General Topic: Unemployment

Papers: "Technological Unemployment," by S. M. Slichter, Cornell University

"The New Unemployment," by Leo Wolman, National Bureau of Economic Research

THURSDAY, December 27

9:00 A.M. Business Meeting: Reports of Officers and Committees, etc.

10:00 A.M. Round Table Conferences

1. "Marketing," Chairman, Paul D. Converse, University of Illinois
2. "Land Economics," Chairman, E. M. Fisher, University of Michigan
3. "Locality Distribution of a Given Industry"

2:30 P.M. Second Session

General Topic: Banking Policy and the Business Cycle

Papers: "Reserve Bank Credit Policies," by O. M. W. Sprague, Harvard University

"London and the Trade Cycle," by R. G. Hawtrey, British Treasury

8:00 P.M. Third Session (Joint Meeting with the American Statistical Association and the American Political Science Association)

Presidential Addresses:

Carl Snyder, American Statistical Association

Jesse S. Reeves, American Political Science Association

Fred M. Taylor, American Economic Association

FRIDAY, December 28

10:00 A.M. Fourth Session

General Topic: The Russian Economic Situation

Paper: "The Central Planning of Production in Soviet Russia," by Raymond T. Bye, University of Pennsylvania

2:30 P.M. Round Table Conferences

1. "International Differences in the Labor Movement," Chairman, Leo Wolman, National Bureau of Economic Research
2. "The Behavior of Prices"
3. "Economic Theory"
4. "Economic History," Chairman, Max Handman, University of Texas

8:00 P.M. Fifth Session
General Topic: Electric Power and Light Utilities
Papers: "Regulation of Electric Power and Light Utilities," by C. O. Ruggles, Harvard University
"An Inductive Study of Publicly Owned and Operated versus Privately Owned but Regulated Public Utilities," by H. W. Peck, Syracuse University

SATURDAY, December 29

9:00 A.M. Business Meeting: Election of Officers, etc.
10:00 A.M. Sixth Session
General Topic: Commercial Motor Transportation
Papers: "The Regulation of the Common Carrier Motor Vehicle with Respect to Its Competitive Aspects," by H. R. Trumbower, University of Wisconsin
(Title to be announced later), by M. H. Hunter, University of Illinois
12:00 M. Meeting of the Executive Committee

The following names have been added to the membership of the AMERICAN ECONOMIC ASSOCIATION:

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Weidenhammer, R. M., University of Minnesota, Minneapolis, Minn.
Weinberg, H. N., 125 Kedzie St., Evanston, Ill.
Weiss, F. X., VII, Vinarski 21, Prague, Czechoslovakia.
Whitney, C., 45 W. 11th St., New York City.
Weisenfeld, H. M., Marlborough Apts., 1-C, Baltimore, Md.
Wilson, E. E., Stanford University, Calif.
Withers, W. H., 194 W. 180th St., New York City.
Yntema, D. B., 720 Haven Ave., Ann Arbor, Mich.
Yowell, J. M., Bridgeport, Kan.
Zerby, P. E., North Dakota State Agricultural College, State College Station, Fargo, N.D.
Zimmerman, G. F. D., 207 E. Washington Blvd., Urbana, Ill.

A dinner meeting of the American Statistical Association was held in New York City on October 25 to discuss the general topic of "Interest Rates as Determinants of Security Prices." The speakers were James Hughes, Chase Securities Company, Charles O. Hardy, Institute of Economics, and Frederick R. Macaulay, National Bureau of Economic Research.

Miss Ida M. Tarbell has been selected as the first occupant of the William L. Honnold lectureship at Knox College. Her term of residence is six weeks. The subject which she will treat during this period will be "The Growth of Big Business in America."

Announcement has been made of the 1929 prizes offered by Hart Schaffner & Marx of Chicago. Further information may be obtained from Professor J. Laurence Laughlin of the University of Chicago.

Applications for fellowships on the John Simon Guggenheim Memorial Foundation should be made to Henry Allen Moe, secretary, 551 Fifth Avenue, New York City. Among the fellowships granted in 1928 were those to Lionel D. Edie, University of Chicago, "A study of the influence of open market transactions and the discount policy of the Bank of England upon industry and trade, with special reference to a comparison of central bank control of prices, credit and business, in England;" and Alvin H. Hansen, University of Minnesota, "A study of the economic readjustment in Germany during the period 1920 to 1927, with special reference to the problem of employment, in Germany."

The University of Chicago announces the establishment of the Leila Houghteling Fellowships and Scholarships in the Graduate School of Social Service Administration. An endowment of $50,000 has been given to the university for this purpose.

The Louisiana State University has organized a College of Commerce with Professor James B. Trant as dean.

The Institute of Economics, now part of the Brookings Institution, is conducting an economic and social survey of Porto Rico under the directorship of Dr. Victor S. Clark, until recently editor of *The Living Age*. Dr. Clark will be assisted by Mr. Hugh J. Reber, recently a member of the American financial mission in Persia, who holds a research fellowship from the Brookings Institution, and by Professor Erich W. Zimmermann, who is on a leave of absence from the University of North Carolina.

Mr. Leo Pasvolsky of the staff of the Institute of Economics is making an investigation of the Balkans as a complement to his study of the economic nationalism of the Danubian states, which will appear shortly.

Dr. Lewis L. Lorwin of the staff of the Institute of Economics spent the autumn in Europe in the interests of his study on labor and internationalism, which is almost ready for the press.

Dr. John Dickinson of Princeton University is giving a course of lectures and a seminar at the Brookings Institution.

Mr. Jenks Cameron has resigned his position with the Institute for Government Research.

Appointments and Resignations

Mr. R. B. Alspaugh of the extension department of Ohio State University, has been transferred to the department of business organization as an instructor.

Mr. J. Elwood Amos is an instructor in business administration at the University of Pittsburgh.

Mr. A. Bruce Anthony of St. Louis University is now assistant professor of finance at the University of Southern California.

Dr. R. S. Atwood, recently of Clark University, has been appointed assistant professor of economic geography in the College of Commerce and Journalism at the University of Florida.

Mr. E. L. Beeler has been made assistant in economics at Ohio State University.

Mr. Henry J. Bittermann, formerly an assistant at the University of Chicago, has been appointed to an instructorship in the department of business organization at Ohio State University.

Dr. M. M. Bober, associate professor in Lawrence College, taught two courses in economics in the summer session at Harvard University.

Miss Viva Boothe has been made assistant professor of sociology and also assistant editor in the bureau of business research at Ohio State University.

Dr. E. L. Bowers, instructor of economics at Ohio State University, has been promoted to assistant professor.

Miss Dorothy S. Brady has been appointed to an instructorship in statistics in the department of economics at Washington Square College, New York University.

Mr. William H. Brown of Lafayette College has been appointed acting professor of economics, supplying the place of Professor Elmer D. Fagan, who is at Stanford University for 1928-29.

Mr. Alfred G. Buehler, assistant professor of economics at the University of Vermont, is absent on leave for the year and is studying at the Yale Graduate School.

Mr. R. J. Bullock, formerly of the University of Oregon, has joined the staff of Johns Hopkins University as instructor, offering courses in marketing.

Dr. Arthur R. Burns, formerly on the staff of the London School of Economics, has been appointed lecturer in economics at Barnard College.

Professor Frederick A. Bushee, University of Colorado, acting dean of the School of Business Administration and head of the department of economics and sociology, has been granted a sabbatical leave of absence for the academic year of 1928-1929, and is spending the time in travel and study in Europe.

Mr. W. Ellison Chalmers has been appointed instructor in economics at the University of Pittsburgh.

Mr. Paul T. Cherington, director of research for the J. Walter Thompson Company, and formerly professor of marketing in the Harvard Graduate School of Business Administration, has been appointed professor of marketing in the Stanford Graduate School of Business.

Professor H. T. Collings of the Wharton School, University of Pennsylvania, conducted the round table on inter-American economic and commercial relations at the session of the Institute of Politics at Williamstown, Massachusetts, in August.

Mr. H. E. Cooper, formerly of the University of Denver, has become a member of the staff of Johns Hopkins University as instructor in accounting.

Mr. H. W. Cordell has been made associate professor of marketing in the department of business organization at Ohio State University.

Dr. A. B. Cox, director of the bureau of business research at the University of Texas, spent the summer in Europe making an investigation for a large cotton firm.

Mr. John R. Crawford has been appointed a teaching fellow in the department of economics and sociology at Tufts College.

Mr. William Leonard Crum, professor of statistics at the Graduate School of Business, Stanford University, has been elected editor of the *Review of Economic Statistics,* published by the Harvard Economic Society, Inc.

Professor Roy Emerson Curtis, head of the department of economics at Knox College, has been appointed professor of economics at the University of Missouri.

Mr. H. S. Davis of the University of Pennsylvania, has been appointed instructor in statistics and research assistant at the University of Pittsburgh.

Professor Ralph S. Dewey of Ohio State University has been awarded a research fellowship, and will devote his year to research in the field of transportation.

Mr. W. E. Dickerson of the University of Kentucky, has been appointed assistant professor of economics at the University of Pittsburgh.

Mr. Paul A. Dodd has been appointed associate in economics in the University of California at Los Angeles.

Dr. James C. Dolley, who has been a teaching fellow in the University of California, has been appointed to an adjunct professorship of business administration in the University of Texas.

Mr. M. H. Donaldson has been promoted from associate professor of economics and faculty chairman, to dean of the College of Business Administration and professor of economics at the University of Porto Rico.

Miss Elizabeth Donnan of Wellesley College has been granted a leave of absence for the year 1928-29 in order to complete the study of the American slave trade which she has been pursuing for the Carnegie Institution. She will work during the year chiefly in Washington, D. C.

Dr. Wilfred Eldred of the University of Washington taught during the summer session at the University of Michigan.

Dr. Clara Eliot, instructor in economics at Barnard College, is abroad on leave of absence for the present academic year. She plans to make a study of certain phases of the money market in Berlin.

Mr. Eric Englund has been placed in charge of the Division of Agricultural Finance, Bureau of Agricultural Economics, of the federal department of agriculture.

Mr. T. N. Farris has been made professor of economics at the College of Commerce, Louisiana State University.

Mr. Charles Fasano has been made instructor in economics at the University of Porto Rico, College of Business Administration.

Dr. Kenneth Field of the University of Illinois has been appointed instructor in business economics at the University of Colorado.

Mr. E. I. Fjeld, associate professor of accounting of the University of Colorado, will be acting dean of the School of Business Administration during the present academic year.

Miss Jean Flexner has been made assistant in the department of economics at Ohio State University.

Mr. Francis P. Foisie, lecturer in business administration at the University of Washington, is handling some of the courses for Mrs. Theresa S. McMahon during her absence.

Mr. Edmar L. Gardner has been appointed teaching fellow in the department of economics and sociology at Tufts College.

Mr. Charles Gauger, formerly professor of economics at Gettysburg College, has been added to the staff of West Virginia University as instructor in economics.

Professor Charles A. Glover has been appointed assistant professor of economics at Brown University.

Mr. Howard C. Greer, professor of accounting and chairman of the department at Ohio State University, who was on leave of absence during the year 1927-28 as director of organization and accounting of the American Institute of Meat Packers, has had his leave extended through the year 1928-29.

Dr. J. E. Hagerty has been made director of the School of Social Administration in addition to being chairman of the department of sociology at Ohio State University.

Mr. Carl J. Hammel has been appointed graduate assistant in accounting at the University of Pittsburgh.

Professor M. B. Hammond of Ohio State University is on leave of absence for the academic year 1928-29. He will spend a year in Washington in research.

Mr. J. B. Heckert will continue as acting chairman of the department of accounting at Ohio State University.

Dr. Felix E. Held, professor of economics and business organization at Ohio State University, is on leave of absence for the academic year 1928-29, and will spend the time studying in Europe.

Mr. Edwin T. Hellebrandt has been appointed instructor in economics in the School of Commerce at the University of North Dakota.

Mr. Rudolph Hirschberg of the University of Königsberg, Prussia, is assistant professor of air law at the University of Southern California on an exchange professorship with Mr. Fred D. Fagg, associate professor of economics.

Dr. S. S. Huebner, professor of insurance at the Wharton School, University of Pennsylvania, has been devoting considerable time to obtaining the coöperation of the leading colleges and universities in organizing the program of life insurance study for the American College of Life Underwriters. Dr. Huebner has been appointed a member of a special committee of the United States Chamber of Commerce to make a study of the economic and legal problems connected with compulsory automobile insurance.

Professor M. H. Hunter of the University of Illinois made a report as chairman of the committee of the National Tax Association on "The Taxation of Commercial Motor Transportation," at the annual meeting of the National Tax Association at Seattle, Washington, in August.

Mr. Huber C. Hurst has been promoted to an assistant professor of business law and economics in the College of Commerce and Journalism at the University of Florida.

Mr. Edward W. Jennings has been appointed instructor in government in the School of Commerce at the University of North Dakota.

Dr. O. B. Jesness has resigned his position as head of the department of markets and rural finance at the University of Kentucky, to accept the position of chief of the division of agricultural economics and farm management at the University of Minnesota.

Professor Emory K. Johnston of the University of Missouri has been appointed assistant professor of advertising at the Louisiana State University.

Dr. J. G. Johnson, associate professor of economics at the University of Colorado, will be acting head of the department of economics and sociology during the present academic year.

Mr. Maynard C. Krueger of Albion College is an instructor in economics at the Wharton School, University of Pennsylvania.

Mr. Otto Lehl has been appointed instructor in business at the College of Business Administration, University of Porto Rico.

Mr. T. W. Leland has been made instructor in economics at the Wharton School, University of Pennsylvania.

Mr. J. Wayne Ley has been appointed instructor in business law in the department of commerce extension at Ohio State University.

Professor Simon Litman of the University of Illinois spent the summer doing research for the shipbuilding division of the American Brown Boveri Electric Corporation at Camden, New Jersey.

Mr. G. Arnold Logan is part-time instructor in accounting in the School of Business Administration at the University of Colorado.

Dr. George B. Mangold has resigned his position as social service secretary of the St. Louis Church Federation, and has accepted a position as professor of sociology at the University of Southern California.

Mr. J. W. Mathews has resigned his position as instructor in economics at Lafayette College.

Professor Joseph G. Mayton, special investigator in the finance division, United States department of commerce, has been appointed assistant professor of transportation and foreign trade at the College of Commerce, Louisiana State University.

Mr. Donald W. McConnell has been appointed instructor in the department of economics at Washington Square College, New York University.

Mr. J. M. McDaniel has been appointed associate professor of political economy at the University of Delaware.

Mr. R. D. McGinnis has joined the staff of the School of Business Administration at the University of Arkansas, taking over the work in marketing.

Mrs. Theresa S. McMahon, associate professor of economics at the University of Washington, has a leave of absence for 1928-29.

Mr. Justine Mendelsohn has been made professor of accounting at the College of Commerce, Louisiana State University.

Professor Harry E. Miller of Brown University will offer a series of lectures on current problems in finance at Clark University under the auspices of the Carroll D. Wright fund established in honor of the first president of Clark College.

Mr. Paul G. Minneman is an assistant in the department of economics at Ohio State University.

Mr. John I. Mosher has been promoted to assistant professor of economics at the West Virginia University.

Mr. H. B. Myers has been promoted to associate professor of economic history in the College of Commerce and Journalism at the University of Florida.

Dr. George H. Newlove is professor of accounting at the University of Texas.

Mr. Irby C. Nichols is professor of the mathematics of investment in the College of Commerce, Louisiana State University.

Mr. Howard S. Noble resumed his duties as chairman of the department of economics at the University of California at Los Angeles, on September 1, after a six months' leave spent studying industrial accounting and management in England.

Mr. John E. Nordskog is assistant professor of foreign trade at the University of Southern California.

Mr. Dwight Palmer has been appointed an instructor in economics and sociology at Beloit College.

Mr. Corliss Parry has been appointed instructor in the department of business organization, Ohio State University.

Dr. Ernest M. Patterson, professor of economics at the Wharton School, University of Pennsylvania, has been granted a leave of absence for the second half of the year 1928-29. During that time he will lecture on international economics at the Institut Universitaire des Hautes Etudes Internationales, Geneva, Switzerland.

Dr. Roderick Peattie, who has been on leave of absence doing research in Europe for the past eighteen months, has returned to his duties in the department of geography, Ohio State University.

Dr. Dudley Pegrum has been promoted to assistant professor of economics in the University of California at Los Angeles.

Dr. J. Perlman, formerly with the Institute of Land Economics at Northwestern University, has been appointed professor of statistics at the University of North Dakota.

Mr. J. G. Perold has been appointed lecturer in economics at the University of Toronto.

Mr. M. O. Phillips has been granted a leave of absence from the College of Commerce and Journalism at the University of Florida to complete his doctor's degree at the University of Chicago.

Mr. M. E. Pike has been promoted to an associate professorship in the department of business organization at Ohio State University.

Dr. Wilbur C. Plummer, assistant professor of economics at the Wharton School, University of Pennsylvania, has been granted a year's leave of absence during which he will be in charge of the national survey of retail credit to be made by the domestic commerce division of the Bureau of Foreign and Domestic Commerce.

Dr. Keith Powlison has been appointed to the political economy staff of Pomona College, California.

Dr. Howard H. Preston, professor of business administration at the University of Washington, has been granted a leave of absence for 1928-29 and is teaching at Dartmouth College. Dr. Preston taught during the summer session at the University of Michigan.

Mr. David S. Prosser has been promoted to instructor in economics at Ohio State University.

Mr. J. Donald Pymm has been appointed instructor in finance in the School of Commerce at the University of North Dakota.

Dr. L. Owens Rea is now professor of business administration in Catawba College, Salisbury, North Carolina.

Mr. Gerald R. Redding has been appointed instructor in business law at the School of Commerce, University of North Dakota.

Mr. C. W. Reeder, associate professor in business organization, has been made junior dean of the College of Commerce and Administration, Ohio State University.

Mr. Henry J. Rehn, who has been a visiting teacher at the University of Texas, has been appointed associate professor of accounting. During the coming year he will do research in the Bureau of Business Research.

Mr. John J. Rellahan has been appointed assistant professor of economics in the School of Commerce at the University of North Dakota.

Mr. A. H. Ribbink, adjunct professor of business administration in the University of Texas, is on a year's leave of absence which he is spending in the sales department of the Remington-Rand-Kardex Company, Inc.

Mr. N. G. Riddle, instructor in economics during the last two years in West Virginia University, has entered Columbia University for the purpose of completing his work for the doctor's degree.

Professor Walter E. Roloff has transferred from the State University of New Mexico to the Colorado School of Mines at Golden, Colorado.

Mr. R. H. Rowntree has been promoted to instructor in economics at Ohio State University.

Miss Susie E. Sanford is a teaching fellow in the department of economics and sociology at Tufts College.

Mr. David J. Saposs spent the summer in France winding up his research and field work on the post-war study of the French labor movement. This is one phase of a series of post-war studies of France being conducted by the Columbia University Council for Research in the Social Sciences. Mr. Saposs will resume his teaching duties at Brookwood Labor College, Katonah, New York, upon his return this fall.

Mr. Charles W. Sargent is assistant professor of accounting at the Erie branch of the University of Pittsburgh.

Mr. Erwin H. Schell, formerly assistant professor of industrial management at the Harvard Business School and part-time professor of business management at the Massachusetts Institute of Technology, is now spending full time at the latter institution.

Mr. Reginald H. Scott is instructor in economics at the Erie branch of the University of Pittsburgh.

Professor Walter J. Shepard, chairman of the division of training and member of the advisory council of the Brookings Institution, has resigned to accept the deanship of the College of Arts and Literature at Ohio State University.

Mr. L. Shere has been appointed lecturer in economics at the University of Toronto.

Mr. H. H. Shively of Ohio State University has been granted a leave of absence for one and a half years to take up work at Northwestern University.

Mr. Nathan Silverstein has been appointed associate in economics at the University of California at Los Angeles.

Dr. L. E. Smart has been made assistant professor in economics at Ohio State University.

Mr. Walter B. Smith has been promoted to assistant professor of economics at Wellesley College.

Mr. Joseph J. Spengler, formerly assistant in economics at Ohio State University, and more recently engaged in research work at the Brookings

Institution at Washington, returned to Ohio State University in the fall as instructor in economics.

Mr. C. E. Stevens, assistant professor of business English at the University of Porto Rico, has resigned to accept the deanship of commercial training at Hampton Institute, Virginia.

Mrs. Richard T. Stevens, assistant in the department of economics at Ohio State University, has resigned his position for one year.

Professor W. Mackenzie Stevens, formerly head of the department of marketing at the University of Maryland, has resigned to accept a position as professor of marketing at the College of Commerce, Louisiana State University.

Mr. Claude L. Stineford, formerly instructor in economics at Colby College, has accepted a position as associate professor of economics at University of Vermont.

Mr. C. R. Tharp, associate professor of finance in the School of Commerce at the University of North Dakota, has been granted a year's leave of absence and has accepted an appointment with the Industrial Conference Board, New York City.

Dr. Raymond D. Thomas has resigned his position as head of the department of economics at the State College, Springfield, Missouri, to accept the position of professor of economics and dean of the School of Commerce, at the Oklahoma Agricultural and Mechanical College at Stillwater. He will assume his new duties on February first.

Mr. Roy L. Thompson is assistant professor of agricultural economics at the College of Commerce at Louisiana State University.

Dr. Charles S. Tippetts, professor of finance at the State University of Iowa, is teaching at the University of Washington as visiting professor for 1928-29.

Mr. Howard R. Tolley has been made assistant chief in charge of research of the Bureau of Agricultural Economics of the Federal Department of Agriculture.

Professor James B. Trant has been appointed dean of the College of Commerce, Louisiana State University.

Mr. J. Harry Tregoe is professor of finance at the University of Southern California.

Professor E. J. Urwick, formerly Tooke professor of economic science and professor of social philosophy in the University of London, has been appointed head of the department of political science and economics at the University of Toronto.

Dr. Dilworth Walker, who was employed by the United States Tariff Commission in statistical work during the past summer, has been added to the economics staff of the University of Utah as assistant professor of economics.

Mr. Herschel C. Walling has been appointed instructor in business administration at the University of Texas.

Dr. C. W. Wassam, assistant professor of commerce at the University of Iowa, has been appointed professor of insurance in the College of Commerce and Journalism at the University of Florida.

Miss Elizabeth L. Waterman has been appointed instructor in economics at Wellesley College.

Professor Gordon S. Watkins of the University of California at Los Angeles has been granted a leave of absence for the second semester and will travel and study labor and labor conditions in England and on the Continent.

Mr. Ralph J. Watkins, who was an assistant professor when formerly employed by the Bureau of Business Research at Ohio State University, has returned from the University of Texas as an associate professor of statistical research.

Mr. Julius T. Wendzel is a teaching fellow in the department of economics and sociology at Tufts College.

Dr. Charles P. White of the Wharton School, University of Pennsylvania, has been appointed associate professor of economics at the University of Tennessee.

Mr. Wilford L. White, who has been instructor in sales management at Harvard University, has been appointed visiting professor of marketing in the School of Business Administration at the University of Texas for the year 1928-29.

Mr. Albert Whitely is a graduate assistant in economics at the University of Pittsburgh.

Mr. Harrison Wilder is assistant in the department of accounting at Ohio State University.

Professor A. B. Wolfe has been appointed chairman of the department of economics at Ohio State University.

Dr. Robert M. Woodbury, formerly on the staff of the Institute of Economics, has joined the editorial division of the Journal of Social Science Abstracts.

Dr. Helen Russell Wright, formerly of the Brookings School and joint author with Dr. Hamilton of the two volumes on coal, has been appointed associate professor of the Graduate School of Social Service Administration at the University of Chicago.

Mr. Edmond Yantes has been appointed to an instructorship in the department of business organization at Ohio State University.

Mr. Ralph A. Young, instructor in economics at the Wharton School, University of Pennsylvania, has been granted a year's leave of absence, during which he will conduct an investigation of the present international financial position of the United States for the National Industrial Conference Board.

Dr. William H. Young, who during the past year has been a research assistant in the Institute of Economics, has accepted a position in the Regional Commercial Survey Division of the Department of Commerce.

Population and Migration

Social Problems and Reforms

Insurance and Pensions

Pauperism, Charities, and Relief Measures

Socialism and Co-operative Enterprises

Statistics and Its Methods

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